

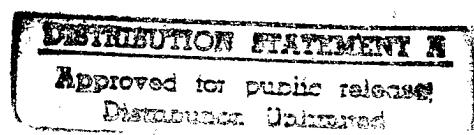
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30 July 1984

# China Report

## ECONOMIC AFFAIRS



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30 July 1984

CHINA REPORT  
ECONOMIC AFFAIRS

## CONTENTS

## PEOPLE'S REPUBLIC OF CHINA

## NATIONAL POLICY AND ISSUES

Implementation of Economic Reforms Viewed (Xue Zhongxin; BAN YUE TAN, No 10, 25 May 84) .....	1
ZHONGGUO QINGNIAN BAO on Economic System Reform (Xu Zingan; ZHONGGUO QINGNIAN BAO, 21 Jun 84) .....	10

## PROVINCIAL AFFAIRS

Yunnan Economic Committee Outlines Future Tasks (Yunnan Provincial Service, 6 Jul 84) .....	17
Heilongjiang Cooperates With Ningxia Region (Heilongjiang Provincial Service, 9 Jul 84) .....	18
Briefs	
Liaoning Japanese Industrial Exhibition	19

## AGGREGATE ECONOMIC DATA

Ningxia Releases 1983 Economic, Social Figures (NINGXIA RIBAO, 14 Jun 84) .....	20
Communique on Fulfillment of 1983 Economic Plan Viewed (SHANXI RIBAO, 21 Jun 84) .....	30
Briefs	
Liaoning Industrial Production	42
Tianjin Collective Industrial Enterprises	42

## ECONOMIC MANAGEMENT

Forum Discusses Economic Reform in Wuhan  
(Yi Ding; HUBEI RIBAO, 14 Jun 84) ..... 43

He Zhukang Inspects Structural Reform in Wuzhi  
(Henan Provincial Service, 9 Jul 84) ..... 51

### Briefs

Taihang Shan Economic Research Society ..... 52

## FINANCE AND BANKING

Banks Play Important Role in Economic Construction  
(Xu Ming; SICHUAN RIBAO, 12 Apr 84) ..... 53

### Briefs

State Aids to Xinjiang ..... 56

Tax, Profit, Revenue Increase ..... 56

Agricultural Loans Distributed ..... 56

## MINERAL RESOURCES

Geology of Henan Silver Ore Bed  
(Zhang Chong Gan; ZHONGGUO DIZHI, No 2, 1984) ..... 57

## INDUSTRY

Speech by Chengwang on China's Shipbuilding Industry  
(Cheng Wang; ZAOCHUAN JISHU, No 1, 1984) ..... 64

### Briefs

Light Industry Progress ..... 70

## CONSTRUCTION

Construction Industry Reform Is Inevitable  
(Li Duo; YUNNAN JINGJI BAO, 9 Apr 84) ..... 71

Restructuring Commodity Circulation System  
(Jing Fengtang; NINGXIA RIBAO, 14 Apr 84) ..... 74

Accelerated Construction of Projects Stressed  
(Xiao Tong; RENMIN RIBAO, 22 Apr 84) ..... 76

## DOMESTIC TRADE

Construction of Markets in Cities, Towns Discussed  
(Shen Shichang; YUNNAN RIBAO, 8 Apr 84) ..... 79

Restructured Supply, Marketing Cooperatives Reviewed  
(Li Xueguang; CAIJING YANJIU, No 2, 25 Apr 84)..... 81

SPECIAL ECONOMIC ZONES

Prospects for Xiamen Special Economic Zone Viewed  
(Xu Yiming, Shi Zengyao; LIAOWANG, No 24, 11 Jun 84)..... 90

LABOR AND WAGES

Several Issues on Floating Wages Reviewed  
(Ge Shouchang; CAIJING YANJIU, No 2, 25 Apr 84)..... 95

## NATIONAL POLICY AND ISSUES

### IMPLEMENTATION OF ECONOMIC REFORMS VIEWED

HK091000 Beijing BAN YUE TAN in Chinese No 10, 25 May 84 pp 3-11

[Article by Xue Zhongxin [5641 0022 2450]: "Emancipate Minds and Be Courageous in Carrying Out Reforms"]

[Text]

I

If we say that the whole year's work depends on a good start in spring, hope is everywhere this spring. When the spring breezes blow, the natural world looks fresh and gay. The upsurge of reforms vitalizes the urban areas throughout our country.

Currently, the trend of the national reform is that the rural areas inspire the cities, the special zones inspire the coastal areas, the coastal areas inspire the mainland, the collective inspires the whole people (the system of ownership) and the enterprises inspire the organs. These five "inspirations" then inspire reforms throughout the country. The most obvious trend of development is that the key point of reform has shifted to the urban areas and that the reform of individual projects has shifted to comprehensive reforms.

We can see from such a trend of development that economic reforms have started from realms where the minds were relatively more emancipated, from areas where there was a relatively weak and old system of management, and also from areas where reforms were desperately needed in order to sustain survival and development. Bu Xinsheng was one of those "driven to revolt" to carry out reform, and many rural areas and enterprises throughout the country were all forced to carry out reforms for the sake of survival and development.

In old China 35 years ago, there were more and more people who realizes that to promote revolution under the leadership of the communist party was the sole way to emancipation. Everyone shed blood and fought hard on the road to revolution and established the People's Republic of China. Today, 35 years later, there are also more and more people who understand that the only way to strengthen the country and enrich the people is to promote reforms following the party's line and principles formulated since the 3d Plenary Session of the 11th CPC Central Committee. We have only proceeded on this road for a few years, but we have already tasted the sweetness of reform which enhances our confidence in making advances and opening up new prospects.

The current reform has already been considerably extensive and profound, involving nearly all areas of the national economy and is related to each rural and urban household. It would be very difficult to make a list of reforms which are being carried out throughout the country or are in preparation to be carried out because the content is broad and is being incessantly developed. However, we can list certain most encouraging contents of the reform:

As far as farmland subcontracted to the peasants is concerned, the period of subcontracting can be extended to over 15 years and will remain unchanged for a long time. This reform has made the peasants feel reassured, eliminating the phobia of changes in the ideology of the peasants;

In accordance with the arrangements made by the state or the collectives, the peasants can plant grass or trees in the deserted hills, sand and beaches; the plantation belongs to those who plant, and ownership remains unchanged for a long time and can be inherited or sold to others at the market price. This is a great breakthrough in forestry development and this will bring about a "green revolution" in hills which have been desserted for over thousands of years;

Permitting and encouraging the spontaneous circulation of the capital of the peasants and the collectives, disregarding the territorial boundaries, and allowing them to be invested in various enterprises in various areas;

Permitting the peasants to bring their own means to settle in small towns, do business, open factories or run service trades there;

The supply and marketing cooperatives are to be run no longer by the official authorities but to be run by the people, the number of shares is unlimited, the people are to be responsible for the profits and deficits and can share bonuses;

Further reforming the management system and the organs of the special economic zones, and better and faster promoting the special zones. It is necessary to turn the special zones into windows of technology, windows of management, windows of knowledge and windows of opening up the world;

It is necessary to further open up to the world, and the 14 coastal ports can follow certain policies of the special zones;

Implementing the second step of turning profits into taxation, after the enterprises have submitted taxes to the state in accordance with the rules, they can retain the remainder of the profits; the self-decision making right of the enterprises has been greatly strengthened;

The implementation of the system of turning profits into taxation affirms the relationship between the state and the enterprises, ensuring that under the condition that the state enjoys the major profits, various economic responsibility systems are implemented inside the enterprises, without any limit on bonus or minimum amount for punishment. The economic responsibility system of subcontracting work to different levels, the floating wage system, piece-work salary system and so on can be implemented inside the enterprises;

Establishing trade centers in the urban areas and reducing the links of circulation of the commodities. All units, whether state-run, collective or individual industrial and commercial enterprises in different areas, can directly carry out trade with the trade centers; and

Reforming credit work in the rural areas.

In reforming the principle for exploiting energy, exploitation is strengthened appropriately by combining projects of different scales and taking the long-term and short-term interests into consideration. Whether or not we can achieve the great goal of doubling the gross industrial and agricultural production value of our country at the end of this century put forth at the 12th party congress lies in whether or not there is a guarantee for energy. Therefore, in exploiting energy, we should not stick to the approach of "economizing to avoid running short" but should adopt the approach of "pumping oil as soon as possible" and exploiting coal as fast as possible. For projects of various scales to be promoted together, the central and the localities must work together and the state, collective and the individual must take part in exploitation together.

## II

The significance of the economic reform which is being carried out currently is not only confined to the economic field; it is the fundamental guarantee for accomplishing the general tasks and general goals of the party and is related to the future of our country and our people. This is most clearly seen in agricultural reform. Before the third plenary session, a common view prevailed inside the party holding that as far as economic problems were concerned, it would be easier to promote industry than agriculture and the most difficult question was solving the question of food for mouths. This view was not groundless at all because even though the whole party had been vigorously promoting agriculture for over 30 years, such a question had not been thoroughly understood. Such a view not only existed inside our party, but international views were also the same. Dean G. Acheson, the U.S. secretary of state some 30 years ago, expressed such a view explicitly. He said: "The population of China doubled in the 18th and 19th centuries, thus bringing an unbearable burden to the land. The problem of food for the people was the first problem that confronted each Chinese Government. But up to now, there has not been a government which has been able to solve this problem." However, the situation in the rural areas has drastically changed now due to the launching of the bold reforms as a result of the resolute implementation of the principles and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee. In 1983, the average per-capita grain consumption in the country was 760 jin. The problem of food for a population of 1 billion has been basically solved. According to standards put forth by nutritionists, a person generally needs 2,400 calories a day to provide energy and 50 to 70 grams of protein. According to statistics of the agricultural, animal husbandry and fishery departments, from 1978 to 1980 the nutrition our people received was 2,465 calories and 48 grams of protein. Our population today is estimated to be double that when Acheson made his speech. According with what Acheson said, the problem which had neither been solved in the 200 years of the 18th and 19th centuries nor in the 30 years after liberation has now been solved in 5 years' time, calculating since the third plenary session.

Why is it that a matter which had initially been regarded as the toughest has turned out to be the first to be settled, or that people have become so confident in settling it? There are two reasons for this. One is policy and the other is science; old policies have been replaced with new ones and backward technology has been replaced with advanced technology. However, both policy and science depend on reforms; reform of the production relations has been carried out and the productive reforms developed. There are now more and more comrades who have come to the understanding that the household output-related system of contracted responsibilities and the specialized households are a great creation of the CPC and the masses in developing the socialist commodity economy, and that this is full of vitality. On the one hand, it retains public ownership of the means of production, and on the other, it retains the dispersed business of households, creating more room for the exercise of the initiative of individuals. It will speed up the transition of our country's agriculture from an economy of being semi-self-sufficient to large-scale commodity production and from traditional to modern agriculture.

There are also more and more comrades who understand that the "theory of scale" on the issue of production is one-sided, that is, the view that the bigger the scale of production the more superior it will be does not totally suit the actual situation. The best scale of production is determined by various factors such as technology, geography, quality of products, management level and so on. The scale of vegetable production must differ from that of wheat production. In the period of the late 19th century and the early 20th century, the economic returns of agriculture mainly depended on the scale of mechanized operation and the scale of land. When science and technology such as the chemical industry and organic projects developed, it brought along chemical fertilizers, farm chemicals and advanced cultivation techniques such as breeding and nursing rice seedlings, and more could be produced on smaller areas of land. The per-unit area yield of small production scale can exceed that of a large production scale. One example for this is that in 1983, the average cotton yield per mu in Hebei Province greatly exceeded the highest standard yield per mu in the United States.

Recently, some experts and scholars, proceeding from the view toward conversion of energy, proposed setting up a large agricultural system which is knowledge-and technique-intensive and highly efficient, that is, the comprehensive utilization and recycling of organic matter in the rural areas. They held that the recent reforms in our rural areas will bring about a great change in the organizational and economic structure of the entire production system. It is necessary to turn agriculture into a technical production system which is highly knowledge-intensive through science and technology. This means using scientific methods to produce more production links in the entire agricultural production system. Some scientists think that in learning and adopting science, the peasants are now promoting simultaneously production of agriculture, forestry, animal husbandry, poultry, fishery, insects (bees and earthworms), fungus (mushrooms), microorganisms (unicellular protein), sideline occupations and industry. Such large agriculture which is comprehensive and which utilizes recycling of organic matter, mainly utilizes solar energy. In 1983, a peasant in Liaoning named Wang Zhongren practiced the method of "dimensional cultivation" by growing the tuber of elevated gastrodia underground, vegetables on the ground and grapes in the empty space in between. This brought about an annual production amounting

to 19,600 yuan in an area of 1.1 mu, and his net income was 1,600 yuan. Our peasants have tactfully utilized sunlight and the organic matter underneath the ground, fully utilizing things which our ancestors had thrown away. We should be proud of this.

Owing to the development of diversification and the promotion of the processing industry, commerce and service trades, our rural areas have turned into small towns which are scattered all over like stars in the sky or men on a chessboard. This will gradually eliminate the difference between the urban and rural areas and the difference between industry and agriculture. Since we aim at building a large agriculture which is highly knowledge-intensive, technology-intensive and highly efficient, each of the laborers is required to become an expert and to have rich knowledge. This will help eliminate the difference between physical and mental laborers. Therefore, some experts and scholars hold that the present set of reforms in the rural areas will eliminate three historical differences, that is to say, economic reform in our rural areas is not only an important guarantee for realizing the great goals put forth at the 12th party congress but also is of great significance as viewed from the angle of the theory and practice of scientific socialism and as far as the ultimate goal is concerned--a communist society.

Further opening up to the world, better running the special zones and the adoption of certain measures in some of the coastal cities are a new road leading to the accomplishment of the four modernization drive. This is also the positive experiences of many countries in the world in developing their economies.

Many countries and places throughout the world such as Japan, West Germany, Singapore, South Korea, Taiwan Province and Hong Kong of our country have relied on importing a large amount of advanced foreign technology and capital to develop their economies. The United States is a rich country with advanced technology. Also it is said that there are 79 free trade areas in the United States and foreign investment in the United States amounted to over 300 billion yuan in 1978. China has already set up factories in the United States. Would United States open so many trade areas and accept so much investment if they did not bring along advantages? And would countries invest if they did not see any advantages? Therefore, the opening of the special economic zones and the free trade areas is beneficial to the economic and technical exchanges of the countries concerned. It is said that altogether there are 401 special economic zones and free trade areas throughout the world, among which are 23 free ports, 137 free trade areas, and the rest being areas engaged in processing exports.

In order to run well the special zones and as far as absorbing foreign capital is concerned, first of all there must be the necessary facilities for economic development such as water and electricity supply, equipment for telecommunications, highways, airports, houses and so on, so that the foreigners will feel good in investing here and that business will develop and profit in 1 or 2 years or in a few months' time. The two pieces of "gold absorbing" stones which are highly attractive to the foreigners are taxation and markets. Like water flowing downstream, capital and technology will go to places where conditions are favorable. If we fail to do a good job in taxation and markets, we will not

be able to attract foreign capital or technology. In order to efficiently run the special zones, there certainly must be other conditions so that there will be understanding persons in charge, personnel who are good at financial management and expenditures, there must be foreign and domestic economic news, and so on.

The CPC Central Committee and the State Council have called a meeting on opening up certain coastal cities and decided that 14 coastal cities--namely Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantung, Shanghai, Ningpo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang and Beihai--are to be further opened up and that they can adopt certain practices of the special economic zones. The coastal cities are the most economically and culturally developed areas of our country and are the areas which have a strong capacity to digest foreign capital and advanced foreign technology. The opening up of these cities will bring new strength in the course of realizing the general goals proposed at the 12th party congress.

Among the urban economic reforms this year, the implementation of the various kinds of economic responsibility systems within enterprises and the cancellation of the limit on bonuses have wide significance and affect personal interests most. This is an important stride in urban reform. This great reform will certainly further stimulate the initiative of the 110 million staff members and workers who master our country's most advanced means of production and increase the impetus force of accomplishing the task of doubling output.

With regard to urban economic reform, people always contend over three questions relating to bonuses: First, why was there a limit on bonuses in the past? Second, why is it now that there is no limit on bonuses? Third, why must taxation be imposed on excessive bonuses? These three questions are related to the difference between urban economic reforms and rural economic reforms. The direction and principles for urban economic reforms are identical to those for rural economic reforms, that is, adhering to the socialist principle of remuneration according to labor and more rewards for more labor. However, the implementation differs to a certain extent in the urban and rural areas due to different conditions. The rural economy is that of a collective ownership system, and although the practice of "eating out of the same big pot" is still practiced inside the collectives, the collectives are solely responsible for the profits and deficits as far as their relationship with the state are concerned. Thus, when it implements the output-related contracted responsibility system, it is the households but not the collective who are now solely responsible for the profits and deficits. This does not cause any changes in its relationship with the state as far as economic distribution is concerned, and the implementation is relatively simple and easy. The situation is different in state-run enterprises in the urban areas. The type and amount of production and the market prices of products are fixed by the state and the raw materials for production are supplied in accordance with state plans.

The current pricing system in our country is irrational and the prices of many products deviate from their value. Under such circumstances, the profits of enterprises and the output value produced by each worker cannot thoroughly reflect the amount of contribution to the state. If there is not a limit on the

bonuses of enterprises, enterprises which produce products which require a high cost of production and yield great profits will get a particularly large amount in bonuses, while enterprises which produce products which require a low production cost and yield low profits will get a particularly low amount of bonuses. Enterprises which make no profits will never get any bonuses. On a scientific basis, the dissection of differences in bonuses is an propelling force to motivate the initiative of people, but the dissection of the differences in bonuses on an unreasonable basis will create negative influences. However, setting a limit on the amount of bonuses will only result in limiting the people's labor initiative. Of course, in accordance with the level of awareness of Lei Feng and other heroes and models, the ideology of "contributing labor according to remuneration" is incorrect. The people should be educated to do their work with the communist spirit. Comrade Mao Zedong pointed out at a very early date that there should be some distinctions between popularizing the communist ideology and formulating the present economic policies. Since the third plenary session, the principles and policies of the party Central Committee are to simultaneously uphold the four basic principles, build a socialist spiritual civilization focusing on communist ideology, and implement the policy of opening up to the world and enlivening the domestic economy. At present, it is necessary on the one hand to eliminate "leftist" influences in economic work, and on the other opposes weak, tax and other rightist things on the ideological front. To oppose economic "leftism," it is necessary to solve the question of limiting the amount of bonuses, because this practice in fact means egalitarianism. When the second step of the method of turning profits into taxation has been implemented this year, the distribution relationship between the state and the enterprises and the economic responsibility systems will have been clarified, and there will not be any limit on the amount of bonuses. The so-called distribution relationship between the state and the enterprises or the enterprises' economic responsibilities to the state are mainly that the enterprises must plan their production in accordance with state policies, pay product taxes to the state. The rate of product tax is high when the price and the profits of the product is high, and the tax rate is low when the price and profit of the product is low. At the same time, the enterprises must also submit industrial and commercial tax, income tax and energy tax to the state. This will enable the various enterprises to gain more reasonable profits than the past, under the circumstances that the price system is irrational. Thus, the enterprises can proceed from reality and implement the various forms of the economic responsibility system. However, since the question of irrational pricing has not been basically solved, when the enterprises do not impose a limit on the amount of bonuses to individual workers, the state must exert some control on the bonuses of enterprises in order to prevent the excessive distribution of bonuses and prevent enterprises from indulging only in production of products which bring about huge profits. This can also prevent the excessive growth of consumption and help to stabilize prices. This method of restriction is to enable the bonuses to link up with the economic returns of enterprises, fix the total amount of bonuses and impose taxation on the distribution of bonuses exceeding the total amount. A lower rate will be charged when the total amount is only exceeded by a small amount, a higher rate charged when the total amount is exceeded by a huge amount, a heavier tax charged when the total amount is exceeded by a particularly huge amount, and the rate of taxation

increased proportionally in accordance with the amount exceeding the total amount. This is the reason why there was a limit on the amount of bonuses in the past and not why there is such limit at present and why taxation is imposed on amount exceeding the total amount of bonuses.

Some people say that the flaw in our economic work in the past was that there was a "complete set" of "eating out of the same big pot," "an iron rice bowl," and "iron command posts." The so-called "iron command posts" meant the practice of taking only official interests and not the people's interests into consideration and "the readily defeated generals assuming command." This made a small number of people "assume iron command posts, hold an iron rice bowl and eat from the same big pot." When the spring breeze of reform blew this year, it brought new hopes to the system of staff recruitment and appointment of cadres. It seems that the three poisonous things of eating from the same big pot, an iron rice bowl and iron command posts which have been misinterpreted as socialist superiority for the past decades will soon be blown away and abolished.

### III

We, Beijing dialectical materialists and communists, should be natural reformists. The "Communist Manifesto" can also be regarded as a declaration to reform the world. The line of the third plenary session of the party is the line of bold reforms, and is making order out of chaos not a reform? It was proposed at the 12th party congress that we should create new situations in socialist construction, but how can we achieve this without carrying out reforms? And how can we create new situations? The leading central comrades have pointed out that reforms must penetrate the entire process of the four modernizations. This is one of the important guiding ideologies of the party Central Committee in leading the four modernizations drive. In order to maintain political unity with the party Central Committee, we should be activists of reform, and be enthusiastic toward and supportive of reforms.

We are reformists who adhere to the truth. To carry out reform, we must be bold in breaking with the old restrictions and old habits which have been proved by actual practice to be incompatible with the building of the two civilizations. Practice is the criterion of truth; we can assess whether the reforms are correct or not by practice. We should resolutely carry out reforms as long as they are conducive to building socialism with Chinese characteristics, conducive to the development of the country and conducive to the prosperity and happiness of the people.

We communists are reformists with organization, leadership and principles. We must adhere to the four basic principles in the course of reform and pay attention to carry out trial points. In carrying out economic reforms, we must exercise enough control over the major ones and must adopt a more flexible attitude over the minor ones. We must be firm with the macroeconomic reforms and be more flexible with the microeconomic reforms. We must discard the "incantation of the golden hoop" but retain certain "cases."

If there are no footprints left by people who open up new roads, people who carry out reforms might take wrong steps or proceed on a winding path. However, they are doing this for the sake of probing a new and short road for the four modernizations. These people will be more prosperous than those who are used to going the old ways. Therefore, we must extend a helping hand to such reformists, help them correct their mistakes and give support to their continuous advance. We should learn from the support and help that the Zhejiang Provincial CPC Committee has rendered to Bu Xinsheng.

The purpose of the reforms is to enrich the people. The 1 billion Chinese people must proceed on the same road of becoming rich. However, they cannot become rich simultaneously and there is bound to be an order. Because of the economic and geographical differences and a difference in the original economic basis, people's ability in creating wealth and their contributions to the state differ. If we do not recognize such differences and follow the past practice of tying up the 1 billion people with a rope of egalitarianism horizontally, it will be difficult for us to surpass the world level of poverty. If people who are able to run 100 meters, 1,000 meters or 10,000 meters are forced to run with an old lady, they all will be backward and poor. Therefore, we must let some areas, some enterprises and some people become rich first. Such a situation will easily give rise to "jealousy." "Jealousy" in fact is egalitarianism and the ideology of dividing poverty. When we carried out revolution in the past, victory was not obtained on the same day in the same year throughout the country; some areas were liberated earlier and some later and the basic areas which had been liberated earlier rendered assistance to the areas which would be liberated later, and we won victory ultimately. Although there is a difference between promoting economic construction and fighting a battle, the pace of construction and the steps to wealth are still decided by both the objective and subjective conditions of the various areas. Proceeding from such a view, we will be happy about the policy of letting part of the peasants become rich first and letting part of the urban population become rich first. This is because this is the same stride on the road to wealthiness, whether we are the first or the last to make strides on the road to wealthiness, the direction and the interest is the same.

Let us all get rid of the old and make way for the new and proceed toward the great goal.

CSO: 4006/628

## NATIONAL POLICY AND ISSUES

### ZHONGGUO QINGNIAN BAO ON ECONOMIC SYSTEM REFORM

HK070638 Beijing ZHONGGUO QINGNIAN BAO in Chinese 21 Jun 84 p 2

[Article by Xu Jingan [1775 2529 1344]: "A Talk on the Reform of Our Country's Economic System"]

[Text] Since the founding of the PRC, relying on the socialist economic system, we have achieved great successes. Starting with an economy marked by great poverty and backwardness, we established an independent and relatively complete industrial system; in the vast inland regions and minority nationalities regions, we built a number of key enterprises and new industrial bases and improved the formerly irrational regional distribution; we arranged employment for 100 million workers in the cities and basically ensured the satisfaction of over 1 billion people's needs for food and clothing; and we trained a contingent of intellectuals of a definite standard, achieving great development in science and technology. However, compared with the cost in terms of the people's hard work, the results of our country's economic construction have been unsatisfactory and the improvement in the people's livelihood has been slow. This was mainly caused by the effects of "leftist" mistakes, the errors in economic decisionmaking, and the defects of our economic system. Since the 3d Plenary Session of the 11th CPC Central Committee, "leftist" mistakes in economic work have been corrected, reforms of our economic system have been carried out, and a new situation in economic construction has appeared in our country.

#### 1. Main Defects of Our Economic System

Our country's economic system is mainly marked by a high degree of centralization and the exercise of administrative control by departments and localities. Its main defects are as follows:

First, the scope of the state sector of the economy is too extensive; the collective economy and the workers' individual economy have not developed as they should have. Under the guidance of "leftist" ideology, people blindly strived for a high degree of public ownership of the means of production. In industry, the building and construction industry, commerce, and the catering and service trades, all enterprises, big and small, were established by state investment and run by the state. The original collectively-owned enterprise also changed

over from being themselves responsible for profits and losses to the central authorities being responsible for profits and losses and thus being subject to management by state operating methods. Collective undertakings run by local people and the workers' individual economy nearly died out. Problems in economic life caused by such practices include the following: The state undertook everything and did not allow operations by the collectives or individuals, so it was difficult to satisfy various social needs; there were too many state enterprises and it was difficult for the state to directly manage and supervise them, leading to great waste, numerous loopholes, and poor results, and monopolistic operations by state enterprises in the absence of competition led to few varieties of products, poor quality, and bad service.

Second, economic management powers are overly concentrated in the hands of the state administrative departments at various levels, with the enterprises lacking vitality and not subjected to the right amount of pressure. For the enterprises, matters of production, supply, marketing, human resources, financial resources, and material resources were decided by various responsible departments, so that the enterprises' enthusiasm to develop production and improve operations were gravely discouraged. Planning went from above to below and any understanding of market needs was unnecessary, the sale of products was undertaken by higher levels and it was not necessary to care about the marketability of the products, and responsibility for profits and losses were assumed by higher levels so it was not necessary to worry about whether the enterprises made profits or incurred losses. Running things well would not improve the workers' income, nor would running them badly reduce it. Basically, the enterprises had no power, responsibility, interests of their own, or internal motivation, and were not subjected to external pressure. It was very easy to be a factory director in such enterprises; anyone could take up a director's post, even laymen. In another sense, to be a factory director was a very difficult job; no one could be a good factory director, and it was difficult even for professionals to play their role.

Third, economic management was based on administrative systems and administrative regions, so that internal economic links were severed. Because state control over enterprises was overly extensive and meticulous, as the number of enterprises increased, inevitably more departments had to be established to control them, resulting in the existence of numerous departments. Because ours is a large country, the departments alone could not handle the management work, so it was also necessary for provincial, municipal, and county authorities to exercise control, resulting in localities being isolated from one another. Each department or locality directly exercised command over the production, supply, and marketing work of a number of enterprises, and each used administrative power to protect the enterprises under them. The centralized socialist market was carved up. Normal competition among enterprises was hindered. Many difficulties affected cooperation between specialized units and comprehensive resources utilization. Thus, the improvement of economic results was seriously affected.

Fourth, receipts and payments were centralized, and people holding onto iron rice bowls ate out of one big rice pot without shouldering economic responsibility. By centralizing revenue and payments, all profits of the enterprises were collected in a centralized way and then rationally distributed according to need, much being distributed where development was called for and little or nothing

being distributed where it was not. Thus, it did not matter whether the enterprises turned over a big profit to the higher authorities or whether they were well run. They had no enthusiasm for increasing profits. Economic life is highly complicated, and if the higher authorities determine the development of all enterprises, not only would it be difficult to achieve rationality, but the enterprises would be made to vie for investment funds and equipment without caring about economic results.

## 2. An Assessment of the Reforms Over the Past 5 Years

Since the 3d Plenary Session of the 11th CPC Central Committee, under the guidance of the guiding principle of freeing ourselves from old ideas and seeking truth from facts, initial reforms of the economic system have been carried out with a definite degree of success.

First, breakthroughs in ownership systems and modes of operation have been achieved.

Over the past 5 years, the ownership structure has been reformed and the workers' collective economy and individual economy have greatly developed relatively. During the 5 years from 1978 to 1982, collective enterprises in cities and towns created employment for over 12 million people, and the number of individual workers increased from 150,000 to 1.47 million. The mode of operation has been reformed. Many varied forms of operation have been adopted in the rural collective economy. Some 98 percent of the production teams have adopted various forms of responsibility systems whereby remuneration is linked to output. Some 95 percent of the production teams have instituted the fixing of farm output for each household and the assuming of responsibility by each household for completing tasks. Since the cooperative transformation of agriculture, the defects of overcentralization in management and over-reliance on a single mode of operation had persistently existed. Now these defects have been corrected. State enterprises are practicing retaining profits, assuming responsibility for completing tasks for a given profit, substituting tax payments for the turning over the profits to the higher authorities, and operating under contract by collectives or individuals. Thus, many varied forms of operation are being practiced and the old convention of one single form of operation for each form of ownership has been done away with.

Second, breakthroughs have been achieved on the questions of planning and marketing.

For many years in the past, the means of production were not acknowledged as commodities, the role of the law of value in regulating production and the existence of competition under socialist conditions were denied, and planning was overly and rigidly centralized. Over the past 5 years, enterprises were assigned greater decisionmaking power, and under the precondition that state plans and tasks involving goods ordered by the state are fulfilled, some power over production planning and product marketing according to market needs has been acquired, means of production for industrial use have entered the realm of circulation as commodities, and enterprises have begun competing in matters of product quality, product variety, service, and prices. Enterprises have become far more capable of adapting themselves to market changes.

Third, breakthroughs have been achieved in the distribution system.

Over the last several years, the principle of material benefit has been assigned great importance and the results of production and operations have begun to be integrated with the interests of the enterprises and their workers. If production develops quickly, profits will greatly increase and the enterprise can have large retained profits, and vice versa. Within the enterprises, methods such as calculating bonuses according to workpoints recorded, giving rewards for over-fulfillment of tasks, floating wages, and so on, have been adopted, so that the workers' incomes can be linked to their work contributions. In the past, the quality and quantity of work done did not matter at all to the enterprises and workers. Now, this situation has been initially corrected and the enthusiasm of the enterprises and workers for developing production, improving operations, and increasing profits has been initially mobilized. In particular, systems of responsibility for production instituted in the countryside have been relatively satisfactory in helping solve the problem of distributing income to the peasants according to the results of work.

Fourth, breakthroughs have been achieved in the structure of economic organization.

Over these 5 years, economic integration was launched between various localities, between various departments, and between localities on one side and departments on the other. Within certain limits, local and departmental barriers have been broken down. Cooperation between specialized units and comprehensive resources utilization have been practiced. Useful attempts have been made to organize and manage the economy according to the requirements of socialized large-scale production.

Fifth, breakthroughs have been achieved in external economic relations.

The long-standing tendency of the past to insulate our country from the rest of the world and to blindly reject anything foreign has been corrected. Our country has been opened to international intercourse. Economic exchanges with other countries continue to increase. From 1978 to 1982, the total value of imports and exports doubled. The four special economic zones of Shenzhen, Zhuhai, Shantou, and Xiamen have been created, and foreigners have been encouraged to undertake investment, build factories, or undertake joint ventures with us. Recently, it was decided that 14 coastal cities, including Dalian, Tianjin, Shanghai, and so on, are to be opened to foreign trade, and that technological and economic cooperation with other countries is to be stepped up.

To sum up, the reforms over the last 5 years have made invaluable contributions to freeing ourselves from old ideas, breaking conventions, and widening our horizons. These reforms have helped open up the way for, and have created a wealth of experience useful to, future reforms. The reforms have helped mobilize the enthusiasm of the localities, departments, enterprises, and workers; have helped enliven economic activities in the cities and in the countryside, and have played a very good role in promoting economic development, growth in social wealth, and improvements in the people's livelihood.

### 3. Main Questions That Must Be Studied and Resolved in Further Reforms

The principal questions that must be studied in the exploration of our country's economic system reforms can roughly be divided into the following three levels:

- (1) At the micro level, we must institute many varied economic forms and many varied modes of operating, and resolve the question of enlivening economic activities.

Many varied economic forms and modes of operating constitute the basis on which we can build an economic system suited to our national conditions. In our country, the overall level of development of the productive forces is low and the development of various departments, industries, and localities is highly unbalanced. Corresponding to these different levels of development of productive forces, there must be many varied forms of ownership. Production, construction, and the people's livelihood give rise to many varied needs, calling for the supply of different quantities of products of different varieties and specifications as well as various kinds of services. The state sector of the economy alone cannot satisfy the needs of the various quarters. The collective economy and the individual economy must be developed. In our country, labor resources are abundant, many people possess traditional skills, and it is necessary to create many employment opportunities. Therefore, we must build an ownership structure which is marked by the coexistence of many varied economic forms and which has the state sector of the economy as the leading factor, the collective economy as an important constituent part, and the individual economy and other economic forms as supplements. In each form of economy, there should be many varied forms of operations because of inter-enterprise differences in the scale of production, in the amount of equipment employed, in management standards, and in the scope of services.

On the basis of substituting taxes for profits, the state enterprises must assume responsibility for profits and losses to various extents subject to various conditions. Railways, the aviation industry, the postal and telecommunications sector, banks, and large key enterprises such as big oilfields, big coal mines, big iron and steel works, big petrochemical plants, big machine-building factories, big wholesale centers, big retail shops, and so on, must assume half of the responsibility for profits and losses. Planning directives must be formulated to govern the production of, and operations concerning, important products affecting the national economy and the people's livelihood; factory directors and managers must be appointed and dismissed by the state; workers' total wages must be linked to the enterprises' after-tax profits and must be party variable; and if losses are incurred for operational reasons, a definite proportion of the factory directors' and workers' basic wages must be deducted. Medium-sized and small enterprises must generally assume sole responsibility for profits and losses. They must be governed chiefly by guidance plans, except when they are assigned tasks concerning the supply of goods as the need arises. Factory directors and managers must be elected by the workers or selected through recruitment procedures, and such cases must be reported to the departments in charge of the factories, which will make final appointments. The

workers' income must be linked to the enterprises' after-tax income and must be completely variable. If losses are incurred for operational reasons, the state will not undertake to ensure the payment of basic wages. In the very small scale industries, the communications and transportation sector, the building and construction industry, and the commercial services sector, the enterprises can operate under contracts or leases. Some enterprises, for which ownership by the whole people is not appropriate, can be converted into operational units owned by worker collectives or individual workers through the method of capital repayment by installments. Under the condition that the state concentrates its efforts on doing a good job of managing key economic sectors and large-scale key enterprises, and under the condition that the state masters the means of economic regulation, the relaxation of control over medium-sized and small enterprises can help stabilize the overall situation and help enliven the economy.

(2) At the intermediate level between the micro and macro levels, we must have a rational division of labor between departments and localities, and resolve the question of the rational organization of economic activities.

In national economic management, the departments and localities belong to the intermediate link. The determination of the limits of their economic management powers must be advantageous to, first, the strengthening of the centralized management of the macroeconomy, and second, the enlivening of the enterprises' production and operational activities.

According to the three ways of management of state enterprises mentioned above, aside from key economic sectors and large-scale key enterprises, which will be under direct state control, other state enterprises will no longer be under various departments or localities. They will not be restrained by departments or localities, but also will no longer be protected. Under the guidance of the state's unified guiding principles and policies, they will launch competition and develop links between themselves. Aside from managing a minority of large-scale key enterprises, the departments should mainly study the major economic and technological questions related to the development of their own industries, such as questions of planning, policy formulation, standards, technology, information, and so on, and they should guide, provide services to, and supervise all enterprises in their industries. Aside from managing local investment, the provincial authorities should mainly study major questions related to the socioeconomic development of their localities, such as the orientation of their local socioeconomic development, what local industries can enjoy superiority, and so on; and on this basis, they should guide all economic activities in their localities. The cities should mainly study the orientation of their own development, provide facilities and various services so as to develop their role as centers of production, circulation, and information, and guide and supervise local and nearby enterprises. That is to say, both the departments and the localities should transfer powers over production and operations to the enterprises and take care of important matters in their own industries or localities in fulfillment of their own obligations.

(3) At the macro level, we must improve the planning system and resolve questions concerning things advantageous to correct policy formulation and effective management.

The state's planning departments should concentrate their efforts on studying the major questions of strategy, planning, proportion, regional distribution, policies, and so on, which concern our country's economic development, and they should furnish a scientific foundation for correct macroeconomic policy formulation; these constitute the preconditions for ensuring proportionate and well-coordinated national economic development. Under the condition that investment in fixed assets and growth in consumption funds are kept under control, and that macroeconomic equilibrium is satisfactorily attained, the range of goods and materials subject to planned distribution should be reduced, so that it will include only a minority of energy resources, materials, and raw materials, such as oil, coal, timber, steel, and so on; the proportions of these goods and materials subject to planned distribution should also be reduced, so that planned distribution merely serves to ensure satisfaction of the needs of key construction projects and key tasks. The method whereby the state assigns directive plans to the enterprises must also be changed and replaced by the method of assigning targets concerning the supply of goods to the supply side and assigning targets concerning orders for goods to the demand side; then the supply and demand sides will sign contracts which will be fulfilled as directive tasks. Thus, the microeconomy can be enlivened through relaxation of controls and the macroeconomy can be satisfactorily managed, our national economy can enjoy steady and well-coordinated development, and our magnificent strategic goals can be attained.

CSO: 4006/628

PROVINCIAL AFFAIRS

YUNNAN ECONOMIC COMMITTEE OUTLINES FUTURE TASKS

HK070151 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 6 Jul 84

[Text] The Yunnan Provincial Economic Committee has stressed when arranging the province's industrial and communications production for the second half of the year: It is necessary to focus on improving economic results, get a good grasp of reform and of opening up to the world, further implement the demands set by the provincial economic work conference, and strive to create a new situation in industry and communications production.

It is necessary to grasp reform as a top priority task and concentrate forces to do a good job in it. The general demands are, as before, to eliminate leftism, delegate powers, relax policies, and enliven the economy. The key lies in the contract system, which should enter the cities and take root and blossom in the enterprises.

We must get a relentless grasp of the work of improving economic results. First, we must further shift the work of all aspects onto the track of centering on improving economic results. Second, we must do well in reducing deficits and increasing surpluses. Third, we must improve quality and cut production costs.

The committee also called for the strengthening of production control and direction and for good arrangements for production and transport. The province should strive to break through the 10 billion yuan mark in total value of industrial output this year. We must do a good job of arranging production of items urgently needed in the markets around national day. We must speed up the development of collective industry and the growth of light industry production. All-round arrangements must be made for energy production. The railroads must grasp the transport of key items exported from the province, such as cigarettes and chemical fertilizer, together with transport of coal and coke within the province. Road transport must help to develop the province's commodity economy.

CSO: 4006/628

PROVINCIAL AFFAIRS

HEILONGJIANG COOPERATES WITH NINGXIA REGION

SK100643 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 9 Jul 84

[Text] Our province has established economic and technical ties with the Ningxia Hui Autonomous Region. The visit of the Ningxia economic and technical delegation headed by Chairman Hei Boli to our province has further promoted cooperation between the two parties. Leaders of the provincial people's government have paid great attention to economic and technical cooperation. Pertinent departments at the provincial level considered the implementation of the cooperative projects to be an important task in responding to the call of the CPC Central Committee and supporting the development of the five provinces and regions in northwest China.

Now the province has undertaken six cooperative projects and made proper preparations. Some of them have already been put into effect. The subteam dispatched by the provincial distant infrared rays technical service company already visited Ningxia in mid-June to conduct technical advisory services. It is estimated that by the end of July, this subteam will fulfill its task of rendering technical advisory services to five wooden product processing enterprises. The site for the Ningxia's sales department of woolen textile products and leather products in Harbin City has already been decided.

From 6 to 10 July, during its sojourn in our province, the Ningxia economic and technical delegation discussed with our province's leading comrades ways to expand the cooperative sphere and to enliven the economy. The delegation also had talks on professional affairs with our province's textile, first and second light industry, chemical industry, metallurgical industry, animal husbandry, and education departments, and many agreements were reached. The Ningxia delegation left Harbin for Yinchuan on 9 July.

CSO: 4006/628

PROVINCIAL AFFAIRS

BRIEFS

LIAONING JAPANESE INDUSTRIAL EXHIBITION--A Japanese light industrial products exhibition opened on the morning of 27 June at the Liaoning Industrial Exhibition Hall in Shenyang City, Liaoning Province. Governor Quan Shuren cut the ribbon at the opening of the exhibition. Attending the opening ceremony were Yang Bo, minister of light industry; Ma Yi, vice minister of the State Economic Commission; Fang Weizhong, vice minister of the State Planning Commission; and Sun Fang, vice chairman of the China Council for Promotion of International Trade. Also attending the opening ceremony were Wang Guangzhong, deputy governor of the province; and Yu Jingqing, vice chairman of the provincial CPPCC committee. (Kimura Itsuzo), director of the Japanese Light Industrial Exhibition Delegation, delivered an opening speech. This exhibition is sponsored by the Japan-Sino Economic and Trade Center. On display are 160 light industrial products. In addition, during the exhibition period, a forum on 48 technological items will be held. This exhibition will end on 7 July. [Summary] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 27 Jun 84 SK]

CSO: 4006/628

## AGGREGATE ECONOMIC DATA

NINGXIA RELEASES 1983 ECONOMIC, SOCIAL FIGURES

HK091151 Yinchuan NINGXIA RIBAO in Chinese 14 Jun 84 p 2

[ "Communiqué by the Ningxia Hui Autonomous Region Statistical Bureau on the Results of the Implementation of the Region's Plans for the Economic and Social Development in 1983" ]

[Text] Under the leadership of the CPC Central Committee, the State Council and regional party committee and people's government, the people of various nationalities in Ningxia Hui Autonomous Region have continued to implement the principle of readjusting, restructuring, consolidating and improving and the important directives of the CPC Central Committee about the work in Ningxia in 1983. They have also implemented the various policies for activating the economy. Thanks to this effort, the region has made new achievements in economy and social development. Unprecedented harvests have been recorded in agricultural production and industrial production has grown rapidly. Calculated on the basis of invariable price in 1980, gross industrial and agricultural output value in 1983 reached 2,496 million yuan, an increase of 14.1 percent over the figure for the previous year. Calculated on the basis of existing prices, the national revenues for the whole year were 1,530 million yuan, a growth of 14.2 percent on the basis of comparable price. On the basis of developing production, financial revenues have increased, markets are brisk, prices are basically stable and development has also been made in such sectors as culture, education, health and science and technology. People's living standard has constantly been improved. Measures have been taken to build both material civilization and spiritual civilization.

Although the region has made great achievements in 1983 and economic construction has made considerable progress, it is still lagging far behind national average level and advanced provinces and municipalities because of its original weak foundation and rapid population growth. The region's economic results are not satisfactory, economic relations are yet to be totally arranged, and the task of reforming the economic system is still very arduous.

### I. Agriculture

In 1983, all rural areas in the region have further implemented a series of the principles and policies that were defined by the CPC Central Committee for activating rural economy. The system of contracted responsibilities with payment

linked to output has been further consolidated and perfected, agricultural scientific technology has been effectively popularized and applied, the production initiative of the broad masses of peasants has been further displayed and various forms of natural disasters have been overcome and consequently the region's agricultural production has recorded all-time high harvests. Agricultural gross output value in 1983 totaled 883.99 million yuan, 13.3 percent above the yearly quotas and 15.4 percent higher than the figure for the previous year. Of the gross agricultural output value, agricultural output value was 647.51 million yuan, 16.8 percent higher than the previous year; forestry was 54.8 million yuan, 39.6 percent higher than the previous year; animal husbandry was 99.2 million yuan, 3.6 percent higher than the previous year; sideline production was 81.18 million yuan, an increase of 6.9 percent and fisheries 1.3 million yuan, a growth of 76.1 percent over the previous year.

Most of our agricultural products have overfulfilled production quotas, and the following is the output of major products:

	<u>1983</u>		<u>Growth percentage against the previous year</u>
Grain	2.9	billion jin	21.3
of which,			
summer grain	1.6	billion jin	21.9
autumn grain	1.3	billion jin	20.7
of the total grain output			
plain areas	2.2	billion jin	5.2
mountain areas	0.7	billion jin	134.7
edible oil crops	82.338	million jin	48.5
sugar beets	296	million jin	-28.8

Afforestation by the whole population in the region has developed rapidly. The whole region has built 619,000 mu of forests, an increase of 95.8 percent over the figure of the previous year. Tree survival rate has been raised considerably and the afforestation in mountain regions totaled 534,000 mu to better the conditions for improving the natural output in these areas.

Animal husbandry production has been developed and economic results have been improved. But the number of livestock has decreased somewhat.

By the end of 1983, the motive power of agricultural machinery across the region totaled 1,451,000 horsepower, 15.8 percent higher than the previous year. The number of big and medium tractors was 5,888, an increase of 2.38 percent over the figure for the previous year; hand tractors numbered 26,890, an increase of 29.7 percent and the number of heavy duty lorries for agricultural use was 2,001, an increase of 53.5 percent. The actual mechanical cultivated acreage was 2.303 million mu, an increase of 9.9 percent. The acreage under mechanical sowing, harvesting, and threshing was considerably larger than the previous year. A total of 206,000 tons (net weight) of agricultural chemical fertilizer was applied in the whole of 1983, an increase of 13.8 percent over the figure for the previous year. The electricity used by rural areas totaled 157.964 million kilowatt hours, an increase of 3.3 percent.

The following list shows the output of major livestock products and the number of animals:

	<u>1983</u>	<u>Growth percentage against the previous year</u>
Pork, beef and mutton output	45.708 million jin	- 1.35
Milk output	11.746 million jin	17.2
Wool output	5.4588 million jin	- 0.34
Total livestock at year-end	634,900 head	- 0.59
Pigs at year-end	478,800 head	- 0.46
Total marketable pigs	325,100 head	0.3
Sheep at year-end	2,475,200 head	- 9.08
Fish output	1,059.6 tons	92.1

In 1983, meteorological departments across the region have displayed their roles in serving agriculture and animal husbandry and they have made quite correct and timely forecasts on certain disastrous weather.

## II. Industry

The industrial enterprises in the region have experienced overall reorganization in 1983. This move is mainly aimed at improving enterprise quality and economic results while efforts have been concentrated on turning losses into profit. As a result, these enterprises have been able to increase output and income. Taken as a whole, industrial production has reached a record level in the region and improvement has been made in economic results. Gross industrial output value in 1983 was 1,612.02 million yuan, an increase of 13.32 percent over the figure for the previous year and 8.9 percent higher than production quotas. Of this figure, the output value of light industry was 466.18 million yuan, an increase of 10.63 percent and the output value of heavy industry was 1,145.84 million yuan, 14.45 percent higher than the figure for the previous year.

Of the 80 kinds of output of major industrial products, 62 kinds have fulfilled or overfulfilled quotas and they include bicycles, washing machines, cotton fabrics, sugar, beer, dairy products, machine-made paper, coal, power generating capacity, steel, steel products, electrolytic aluminum, tires, artificial fiber plates, cement, alternating current motors, hand tractors and diesel engines and they made up 78 percent.

The economic results of industry have been improved considerably. The situations of the completion of major economic goals are as follows: Of the 16 goals of economic results that have been checked, 11 have been improved, 3 maintained ordinary level and the remaining 2 have decreased. The stable increase rate of the goals of the production of the 33 kinds of major products that have been checked was 70 percent, good quality rate of industrial products throughout the region was 8.95 percent, 3.1 percent higher than the previous year--varieties of good quality products have increased from 58 to 68. Sales revenues were 1,350.18 million yuan, an increase of 12.6 percent over the figure for the previous year; the profit totaled 110.21 million yuan, 56.3 percent higher than the previous year; the profit and tax delivered to the state totaled 94.51 million yuan, an increase of 69.6 percent; per 100 yuan output value provided 15.8 yuan

profit and tax, 11.4 percent higher than the previous year and per 100 yuan sales revenue provided 8.2 yuan of profit and tax, an increase of 39 percent. The circulation of industrial fixed quota working capital has been shortened to 151 days, 29 days faster than the previous year, with accelerating rate of 16.1 percent. Labor productivity of the whole workers and staff members has been increased by 11.5 percent to reach 8,411 yuan, 866 yuan higher than the previous year. Comparable product cost was 31.09 million yuan lower than the previous year, with a drop of 3.2 percent. The number of industrial enterprises with the ownership by the whole people and independent accounting that suffered losses decreased from 76 in 1982 to 35 by the end of 1983; loss scope dropped from 27.8 percent to 12.3 percent while loss volume was 29.9 percent lower than the previous year. Yet a number of enterprises are still characterized by below capacity production task, low quality products, unsalable products, low economic results and products that consumed more capital. Some enterprises that have increased production have failed to increase income.

The following is the output of major industrial products:

	<u>1983</u>	<u>Growth percentage over the previous year</u>
Bicycles	10,000	13.3 times
Washing machines	10,795	4.3 times
Cotton fabrics	15.26 million meters	18.9
Woolen fabrics	745,000 meters	42.7
Woolen blankets	242,000 pieces	20.6
Knitting wool	1,560 tons	12.7
Sugar	15,800 tons	107.9
Cigarettes	16,500 boxes	-28.6
Spirit	2,400 tons	-11.1
Machine made paper and paper boards	14,000 tons	37.3
Daily use porcelain	11.87 million pieces	- 7.6
Matches	61,000 boxes	- 9.8
Coal	9.78 million tons	5.4
Crude oil	0.472 million tons	- 6.1
Generating capacity	2.2 billion kilowatt hours	4.8
Steel products	33,000 tons	-44.5
Electrolytic aluminum	28,000 tons	- 0.36
Chemical fertilizer	58,000 tons	7.8
Tires	255,000	57.6
Cement	413,000 tons	35.4
Hand tractors	4,675	94.1
Cranes	2,146 tons	71.4
Machine tools	1,500	7.1
Bearings	556,000	-18.2
Metal testing machines	1,250	17.0
Automatic apparatus and meters	12,200	41.9

### III. Investment in Fixed Assets

In 1983, the units with the ownership of the whole people across the region have invested 509.49 million yuan in fixed assets and the units with collective ownership in urban and rural areas have invested 22.29 million yuan. Individual investment in housing facilities in urban and rural areas totaled 29.82 million yuan.

Of the investment in fixed assets by the units with the ownership by the whole people, 329.92 million yuan was invested in capital construction, 98 percent of the comparable annual planning and 20.6 percent higher than the previous year. Of this figure, state investment was 196.41 million yuan, a growth of 49.8 percent over the figure for the previous year. Domestic loans were 35.94 million yuan, an increase of 13.1 percent. The investment in coal to replace oil was 5.04 million yuan, 13.5 percent lower than the previous year. The investment with the capital raised by the region itself totaled 91.58 million yuan, a decrease of 12.6 percent. Investment in equipment renewal was 163.52 million yuan, 6.04 percent higher than the previous year. And of this figure, 16.28 million yuan was allocated by central finance and was 24.6 percent higher than the previous year; domestic loans were 13.81 million yuan, an increase of 94.2 percent; the investment with the capital raised by the region itself and other investments totaled 113.43 million yuan, basically the same as the previous level.

Measures have been taken to control the amount of investment in fixed assets and rationalize the purpose of investment. Of the investment made by units with ownership by the whole people, 171.59 million yuan was invested in productive construction, with the proportion increased from 41.4 percent in 1982 to 52 percent; the investment in nonproductive construction totaled 158.33 million yuan, with the proportion decreased from 58.56 percent to 48 percent.

The newly added fixed assets of the units with the ownership by the whole people in 1983 totaled 347.77 million yuan. Of this figure, the newly added fixed assets for capital construction were 234.86 million yuan, an increase of 20.5 percent; the newly added fixed assets through renewal were 11.29 million yuan, a decrease of 3.91 percent. The delivery and use rate of the fixed assets in capital construction remained at last year's level of 71.2 percent; the rate of construction items that have been put into production was 62.04 percent, 9.74 percent higher than the previous year; construction cycle has been shortened by 1 year and possession rate of the projects that are yet to be finished has been lowered by 16 percent from the previous level.

Key construction projects have been stepped up and certain productivity has been newly formed. The investment in the eight big and medium construction items across the region totaled 113.69 million yuan and this figure made up 92.9 percent of the annual plan and 34.5 percent of the total investment. The construction of five items, including Ruqigou coal mines and Ningxia chemical factory, have completed the investment plan for the year. The newly formed productivity across the region in 1983 includes 300,000 tons of coal, 25.4 kilometers of electric power transmission lines (110,000 volts and up), 110,000 tons

of cement, 43 kilometers of highways, 185,000 mu of efficient irrigated farmland, 2.4 million cubic meters of reservoir capacity, 10,927 square meters of granary, 9,213 square meters of commercial outlets, 860 places in institutes of higher learning, 6,386 places in secondary schools, 16,890 places in primary schools, a hospital with 560 beds and 32 kilometers of water pipes.

Although certain construction projects have been suspended and investment has been curtailed during the year, the situations of building materials, finance, and manpower are still tight. The proportion of nonproductive investment in the investment in capital construction is still excessive, the cost of housing construction has tended to increase and the completion rate has tended to decrease.

#### IV. Transport and Communications

Measures have been taken by transport and communications departments to strengthen enterprise reorganization and dispatch management. Thanks to their effort, these departments have completed transportation tasks very well. The cargo revenues completed by railways and highways totaled 5,063.04 million ton kilometers, an increase of 15.3 percent over the figure for the previous year. Of this figure, the revenue for railways was 4,787.95 million ton kilometers, 15.5 percent higher than the previous year and the figure for highways was 275.09 million ton kilometers, an increase of 11.99 percent. The railways have also transported 10.3 million tons of coal to complete the yearly plan by 104.1 percent, 6.4 percent higher than the previous year.

The passenger traffic completed by transport and communications departments in 1983 totaled 851.04 million passenger-kilometers, 13.9 percent higher than the previous year. The figure for railways was 339.43 million passenger-kilometers, 14.5 percent higher than the previous year and the figure for highways was 511.61 million passenger-kilometers, a growth of 13.6 percent.

Calculated on the basis of invariable price, the total business volume of post and telecommunications in 1983 was 2.822 million yuan, an increase of 10.1 percent.

The economic results of postal transportation have been improved in 1983. The railways on the average loaded 690.4 trains per day, 104.9 percent of the annual plan. The economic results of highway transportation departments have turned for the better, with the rate of vehicles in good condition reaching more than 89.6 percent. Cargo vehicles car-tons yearly output increased by 19.1 percent and passenger vehicles car-tons output increased by 8 percent; cargo vehicles oil consumption decreased by 6.1 percent and passenger vehicles oil consumption decreased by 1.2 percent; labor productivity of the whole staff increased by 12.9 percent.

#### V. Commerce

The markets across the region have been brisk in 1983. The purchases by the commercial departments for the year totaled 676.12 million yuan, 15.8 percent higher than the previous year. The purchases of agricultural and sideline products were 273.84 million yuan, 19.2 percent higher over the figure for the previous year; the purchase of industrial products totaled 393.91 million

yuan, an increase of 13.5 percent. The major industrial and agricultural products with higher purchase value than the previous year include 778.08 million jin of commodity grain, with an increase of 21.6 percent over the figure for the previous year; 16.04 million jin of edible crop oil, an increase of 49.2 percent; 41.04 million jin of eggs, an increase of 13.5 percent; 4.98 million jin of honey, an increase of 284.7 percent; 14,900 tons of sugar, an increase of 151.4 percent; and 148,000 tons of chemical fertilizer, increased by 22.5 percent. As the related policies have been relaxed and free markets have been expanded to directly link production with sales, the amount of meat and vegetables purchases by commercial departments has consequently decreased.

Retail volume of social commodities totaled 1,100.71 [as printed] million yuan in 1983, 14.1 percent higher than the previous year. And of this figure, the retail volume of consumer goods increased by 9.3 percent and the retail volume of agricultural means of production increased by 33.4 percent. The retail volume of most major consumer goods has surpassed the previous record. Grain increased by 27.8 percent, edible oil 16.3 percent, mutton 11.46 percent, eggs 19.3 percent, sugar 2.6 percent, cigarettes 4.6 percent, wines 16.4 percent, artificial fabrics 59.3 percent, woolen fabrics 53.4 percent, bicycles 31.3 percent, television sets (912.5) percent and chemical fertilizer 23.3 percent.

Retail volume of the units with various forms of economy has also grown in 1983, with those of the collective and individual economy recording still higher growth. In the total retail volume of social commodities, the proportion of individual economy increased from 1.52 percent in the previous year to 4.39 percent.

Free markets in urban and rural areas have been brisk. By the end of 1983, the number of free markets totaled 157, with transaction volume coming to 121.12 million yuan, 12 percent higher than the previous year. The transaction volume of vegetables was 82.097 million jin, increased by 26.5 percent; pork, 640,000 jin, increased by 11.9 percent and beef and mutton 660,000 jin, an increase of 48.6 percent. Most of the live fish, mutton, eggs and vegetables consumed by the population have been purchased from free markets.

The economic results of commercial departments have been improved. The profit made by state commerce and sales and marketing cooperatives in 1983 was 5.3 percent higher than the figure for the previous year. The circulation of all working capital has been improved from 1.43 times in the previous year to 1.56 times.

Market prices are stable, with certain increases. As the volume of agricultural and sideline products that are purchased at negotiated price and with additional price for over purchase has increased, the general level of the prices of agricultural and sideline products in the region in 1983 (including list price, negotiated price, and additional price for over purchase) was 8.3 percent higher than the previous year. List price index increased by 0.4 percent. The general retail index for the whole year was 1.1 percent higher than the previous year, with the index in urban areas increasing by 1.5 percent as against 0.7 percent in rural areas. Retail price index of state commerce increased by 1.3 percent, negotiated price index decreased by 2.1 percent and free market price index increased by 6 percent. The price index for the living expenses of the workers and staff members in the whole year increased by 1.6 percent.

## VI. Science and Technology, Education, Culture, Health and Sports

The number of scientists and technicians in 1983 throughout the region totaled 62,206; of this figure, 11,714 are engineering technicians, an increase of 15.1 percent over the figure of the previous year; there are 3,033 agro-technicians, an increase of 15 percent. The region has made achievements in 11 major scientific and technological items during the year, of which 7 items have reached advanced national standard.

There were 6 institutes of higher learning in 1983 and they enrolled 1,450 students. The number of university students is 5,083, 12.3 percent higher than the previous year. There are 16 polytechnic schools, with the number of students coming to 6,391, 8.8 percent lower than the previous year; the number of ordinary secondary schools is 487, and the number of students is 206,300, 2.7 percent higher than the previous year; the number of primary schools is 4,436, with the number of students coming to 575,200, representing an increase of 38 percent; the number of technical schools is 16, with a total of 2,125 students, an increase of 12.3 percent.

The region had 1,500 cultural organizations in 1983, an increase of 4.1 percent, and staff members numbered 6,011. Development has been made in movie and television undertakings and certain movies and television films have been shot. There are 15 libraries of various sizes, with 2.51 million books. The publication units in the region have printed and distributed 15.82 million books.

The region had 1,064 health organizations in 1983. They include 309 hospitals with 8,675 beds that represent an increase of 2 percent over the figure for the previous year. On the average, there are 2.18 beds per 1,000 persons. The number of professional health technicians is 14,679, an increase of 4.4 percent over the previous year. These facilities have gradually guaranteed people's health.

Sports activities have been held on 245 occasions throughout the region in 1983, with the number of participants coming to 58,520, 31.8 percent higher than the previous year. There were a total of 943 sportsmen. Mass sports activities have become popular in both urban and rural areas.

## VII. People's Life

The living standard of the people in the region has been constantly improved. Sample investigations among worker and staff member families in urban areas in 1983 showed that the average number in employment in each family is 2.26 persons, with each employee responsible for 1.96 persons (including the employee himself). Total monthly income for each employee is 45.92 yuan, 11.8 percent higher than the previous year. Average urban per capita living expenditure is 37.70 yuan, an increase of 2.1 percent. Sample investigations of peasant households in rural areas showed that the average per household labor force is 2.95 persons, with each being responsible for 2.11 persons. The average peasant yearly net income is 288 yuan, an increase of 22 percent over the figure for the previous year; average per capita living expenditure is 208.88 yuan, an increase of 19.5 percent.

The towns across the region have arranged employment for 23,257 job-waiting young people in 1983. By the end of the year, the region had 51.66 million workers and staff members, 2.7 percent higher than the previous year. This figure includes 444,600 workers and staff members of the units with the ownership by the whole people which represents an increase of 1.8 percent. The number of workers and staff members of the collective units in urban areas and towns is 72,100, an increase of 8.7 percent.

The total wages of the workers and staff members across the region in 1983 amounted to 476.77 million yuan, a growth of 7.8 percent over the figure for the previous year. And of this figure, the wages for those in the units with the whole people ownership totaled 0.42721 million yuan, an increase of 6.9 percent and the figure for those working with collective units was 49.56 million yuan, an increase of 15.8 percent.

The bank savings of the population in the region totaled 443.98 million yuan in the end of 1983, an increase of 36.2 percent. Per capita average savings are 112.2 yuan, 33.6 percent higher than the previous year. Sample investigations showed that each member of worker and staff member families in cities and towns owned 82.62 yuan cash in 1983 as against 62.79 yuan for rural areas. This situation represents a big potential purchasing power.

The housing facilities for urban and rural population have been further improved. Sample investigations of 250 families showed that by the end of 1983, the average per capita living space of worker and staff member families in urban areas was 5.89 square meters, 0.51 percent higher than the previous year and the situation of the families with overcrowding and inconveniences has been improved. Investigations of 480 peasant households in rural areas showed that by the end of 1983, the average per capita living space in rural areas was 10.24 square meters, 19.3 percent higher than the previous year.

Following constant improvement in the living standard of the urban and rural population, people's possession of durable goods has been increased. According to sample investigations in urban and rural areas, each 100 households in the region possessed the following goods at the end of 1983:

	<u>Urban workers and staff members</u>	<u>Rural population</u>
Wardrobe	86	43
Sofa	151.2	18.1
Desk	81.9	57.5
Bicycle	177.2	104.0
Sewing machine	65.2	54.4
Watch	250.8	102.1
Washing machine	26.4	0.4
Radio	86	64.8
Television	80	10
Radio cassette	25.6	2.7

## VIII. Population

The region recorded a total population of 3,983,000 at the end of 1983, an increase of 52,600 and a growth of 1.34 percent. Of this figure, nonagricultural population totaled 750,000, an increase of 20,000, representing a growth of 2.7 percent. The agricultural population numbered 3,233,000, an increase of 32,000 and a growth of 1 percent. Of the total population, the Hui nationality numbered 1,276,400, an increase of 29,000, representing a growth of 2.3 percent. The proportion of the Hui nationality in the total population has increased to 32 percent, 0.3 percent higher than the previous year.

The population natural growth across the region in 1983 was 1.425 percent, a decrease of 0.888 percent from the figure for the previous year.

CSO: 4006/628

## AGGREGATE ECONOMIC DATA

### COMMUNIQUE ON FULFILLMENT OF 1983 ECONOMIC PLAN VIEWED

SK090831 Taiyuan SHANXI RIBAO in Chinese 21 Jun 84 p 2

[Communique on Fulfillment of Shanxi Province's 1983 Plan for national economic and social development, issued in Taiyuan on 21 June 1984 by the provincial statistical bureau]

[Text] The year 1983 was the third year covered by the "Sixth 5-Year Plan." The people in our province, under the correct leadership of the CPC Central Committee, the State Council, the provincial CPC committee and the provincial people's government, conscientiously implemented the guidelines of the 12th Party Congress and the First Session of the Sixth NPC, continued to implement the policy of readjustment, restructuring, consolidation and improvement, worked hard to create a new situation in all fields of socialist modernization, and made fresh progress in economic and social development. The total product of society came to 28.18 billion yuan, 12.6 percent higher than in 1982. Total output value of industry and agriculture reached 21.86 billion yuan, up 10.9 percent over 1982. The preliminary outlook of the national income was 12.36 billion yuan, up 12 percent over 1982. In 1983 the province's national income and the output of 12 products including oil-bearing seeds, chemical fertilizer, hand-operated tractors, motor vehicles, synthetic rubber, cement, machine-made paper and paperboard, already reached the targets set for 1985 in the Sixth 5-Year Plan 2 years ahead of schedule. The market was brisk and living standards continued to rise along with the growth in production. New progress was made in raising cultural and educational standards.

#### 1. Agriculture

In 1983, most areas in our province were hit by natural disasters. But the [words indistinct] institution of the family-based rural responsibility system which links output with economic benefits continued to mobilize the initiative of the peasants to achieve prosperity through their hard work. This contributed to another rich harvest. Total annual output value of agriculture was 6.68 billion yuan, up 5 percent over 1982, exceeding the planned target of 4.6 percent growth.

In 1983 output value of crop cultivation was 3.66 billion yuan, a reduction of 3.6 percent from the previous year. The output of most major farm products met or topped planned figures. Grain output was 16.12 billion jin, surpassing the plan by 4 percent, 2.3 percent less than in 1982, the second high-yield

year of our province since the PRC's founding. Output of oil-bearing seeds totaled 474.49 million jin, surpassing the plan by 24.9 percent, and an 11.8-percent increase over 1982. Output of beets was 517.13 million jin, fulfilling the plan by 96.7 percent, and a 14.1 percent increase over 1982. The output of cotton, jute and ambari hemp and tobacco leaves decreased to various degrees due to the adverse natural conditions and the regulation through planning.

Output of Jaor farm products: [as printed]

	1983	Percentage increase over 1982
Grain	16.12 billion jin	- 2.3
of which:		
wheat	4.91 billion jin	20.9
corn	4.26 billion jin	- 4.7
cereal crops	2.42 billion jin	- 6.2
Cotton	192.36 million jin	-20.4
Oil-bearing seeds	474.49 million jin	11.8
Of which:		
rapeseed	21.11 million jin	28.6
linseeds	143.12 million jin	2.6
sunflower seeds	164.11 million jin	36.4
sugar-bearing crops (beets)	517.13 million jin	14.1
jute, ambari hemp	3.66 million jin	- 5.4
tobacco leaves	7.67 million jin	-69.9

A fairly rapid development was made in forestry production, thanks to the relaxation of policy restraints and implementation of the production responsibility system. In 1983, the forestry output value was 496 million yuan, an increase of 43.5 percent over the preceding year. In all, 6.51 million mu were afforested in 1983, an increase of 58.4 percent over the preceding year. Some 274.91 million trees were planted on scattered lands, an increase of 25.7 percent over the previous year.

In 1983, the value of animal husbandry production was 670 million yuan, an increase of 9 percent over the previous year. Increases were registered in the number of large animals. The output of beef and milk increased. But the number of pigs and sheep in stock at year end dropped.

Output of major animal by-products and numbers of livestock are as follows:

	1983	percentage increase over 1982
Output of pork, beef, and mutton	363.043 million jin	- 2.7
of which:		
pork	319.056 million jin	- 6.4
beef	5.849 million jin	44.6
mutton	38.138 million jin	35.5
Milk	86.132 million jin	28.5
Sheep wool and goat hair	9.693 million jin	- 6.6
Hogs slaughtered	2.502 million head	- 4.5
Large animals at year end	2.392 million head	6.5
Pigs at year end	3.682 million head	- 8.7
Sheep and goats at year end	6.982 million head	-12.7

New development was achieved in rural agricultural and sideline production in 1983. The total industrial and sideline production value was 1.85 billion yuan, an increase of 15.4 percent over the previous year, and which accounted for 27.7 percent of the total agricultural output value.

The total output value of state farms built on reclaimed wasteland increased 28.4 percent over the previous year. Of which, the total agricultural output value increased 19 percent and profits 63.1 percent.

Improvements were made in the level of the equipment for agricultural production. The total power capacity of farm machines at year end reached 9.206 million horsepower, an increase of 12.3 percent over the corresponding 1982 period. The number of medium and large-sized tractors was 37,285, an increase of 4.6 percent. The number of small-capacity and walking tractors was 66,760, an increase of 55.3 percent. The number of trucks was 17,177, an increase of 40 percent. A total of 1.484 million tons of chemical fertilizer were applied during the year, an increase of 9.8 percent. Of this figure, 9.3 percent increase was registered for nitrogenous fertilizer, 5.7 percent for phosphate fertilizer, and 151.7 percent for compound fertilizer. The total consumption of electricity in rural areas was 1.32 billion kWh, a drop of 8.3 percent from the previous year.

## 2. Industry

A fairly rapid industrial development was achieved in 1983. The total industrial output value was 15.18 billion yuan, overfulfilling the plan by 11 percent, showing an increase of 13.7 percent over the previous year and far exceeding the target set for the annual plan.

The output of 88 of the 125 major industrial products met or topped their plans. These included coal, electricity, pig iron, steel, rolled steel, power generating equipment, television sets, washing machines, furniture for civilian use, cotton clothing, sulfuric acid, and plate glass. Thirty-seven products failed to meet their 1983 planned quotas. These included cotton yarn, sewing machines, bicycles, leather and leather shoes.

In 1983, the output value of light industry totaled 4.4 billion yuan, an increase of 9.2 percent over 1982. Of which, the output value of food industry grew by 2.4 percent, that of textile industry by 6 percent, and that of paper making industry by 6.6 percent.

Output of major light industrial products:

	<u>1983</u>	percentage increase over 1982
Cotton yarn	88,343 tons	- 3.2
Cloth	424,008 million meters	- 1.3
Chemical fibers	6,560 tons	77.4
Silk textiles	7.379 million meters	29.9
Machine-made paper and paper board	130,000 tons	11.4
Sugar	26,000 tons	48.8
Wine	47,000 tons	5.1
of which:		
beer	12,000 tons	18.6
Cigarettes	168,000 boxes	-22.9
Edible vegetable oil	50,506 tons	7.0
Detergents	38,942 tons	22.0
Bicycles	340,000	1.9
Sewing machines	175,000	-49.5
Television sets	78,876	195.2
Radios	141,000	76.1
Household washing machines	76,070	115.0
Light bulbs	32.54 million	17.5
Leather shoes	1.518 million pairs	- 2.8
Plastic products	31,232 tons	24.6
Highly finished alumina	833 tons	10.7
Furniture	1.753 million	19.3

Our 1983 heavy industrial output value was 10.78 billion yuan, a 15.7-percent increase over 1982. Of which, the output value of metallurgical industry grew by 19.3 percent, that of power industry by 11.3 percent, that of coal and coking industry by 8.8 percent, that of chemical fertilizer and insecticide industry by 15.2 percent and that of farm machinery industry by 42.5 percent.

The province's industrial economic results remarkably improved in 1983. Of the 39 major quality indices for the products of key industrial enterprises, 16 went up in 1983, 5 maintained their 1982 level, while the remaining 18 dipped. Of the 50 major indices for unit consumption of materials, 29 fell, 3 maintained their 1982 level and the remaining 18 rose. Per-capita productivity for independently accounting state-owned industrial enterprises rose by 11.9 percent over 1982 and that of urban collective industrial enterprises rose by 11.1 percent. The profits of the industrial enterprises covered by the local budget was 1.27 billion yuan, registering an increase of 14.8 percent over 1982 and exceeding the growth of the industrial output value. Enterprise

deficits dropped by a large margin. Loss-making enterprises reduced from 487 in 1982 to 182 and their deficits dropped from 92.52 million yuan in 1982 to 42.79 million yuan, a decline of 53.8 percent. The turnover period of fixed working funds was shortened to 116 days in 1983 from 123 days in 1982. The total cost of comparable products dropped 1.1 percent in 1983 compared with 1982.

#### Output of major heavy industrial products:

	<u>1983</u>	Percentage increase over 1982
Raw coal	159.18 million tons	9.5
Electricity	15.13 billion kWh	10.5
Pig iron	1.705 million tons	5.5
Steel	1.586 million tons	5.7
Finished rolled steel	920,000 tons	11.5
Coke (machine-made)	1.869 million tons	4.6
Cement	3.624 million tons	16.0
Plate glass	930,000 standard cases	7.6
Sulfuric acid	286,000 tons	1.7
Chemical fertilizer of which:	480,000 tons	13.4
nitrogenous fertilizer	418,000 tons	13.6
phosphate fertilizer	62,000 tons	12.3
Chemical insecticides	6,228 tons	-15.8
Plastics	9,609 tons	22.5
Calcium carbide	150,000 tons	46.4
Rubber outer tires	239,000	183.2
Mining equipment	8,367 tons	30.4
Alternating current motors	888,000 watts	39.9
Transformers	1.159 kilovolt-ampere	40.0
Metal cutting machine tools	968	33.7
Internal combustion engines	57,800 horsepower	204.2
Small and walking tractors	9,605	584.1

#### 3. Investment in Fixed Assets

In 1983, total investment in capital construction, equipment renewal, and technical renovations for state-owned units and for collectively-owned units in urban and rural areas was 3.145 billion yuan and 723 million yuan respectively. Investment in peasant, urban, and town housing construction was 614 million yuan.

The province's efforts to control the scale of capital construction investment were fruitful. In 1983, investment in capital construction by state-owned units was 2.265 billion yuan, a 27.4-percent increase over 1982. Of the total investment in capital construction, 1.497 billion yuan was for capital construction projects directly assigned by the central authorities, a 57.7-percent increase

over 1982. The construction of the state's seven key projects in the province was smoothly carried out and the province basically fulfilled the annual plan for these projects. After readjusting plans, the province's investment in local capital construction projects was 768 million yuan in 1983, a 9.3-percent decrease from 1982. Investment in projects covered by the state plan was 720 million yuan, falling within the fixed sum of the state plan.

Investment in construction of state key projects was stressed. Of the total investment in capital construction, 1.3 billion yuan was for the key projects of the energy industry, transportation, and post and telecommunications, a 53.3-percent increase over 1982. Its proportion of the total investment rose from 47.6 percent in 1982 to 57.3 percent in 1983. Of this investment, 1.08 billion was for the energy industry, a 60-percent increase over 1982. Its proportion rose from 37.5 percent in 1982 to 47.5 percent in 1983. Of the total investment in capital construction, 1.445 billion yuan was for production projects, a 41.7-percent increase over 1982, with its proportion of the total rising from 57.4 percent in 1982 to 63.8 percent in 1983; 820 million yuan for nonproduction projects, an 8.1-percent increase over 1982, with its proportion of the total dropping from 42.6 percent in 1982 to 36.2 percent in 1983; and 390 million yuan for housing projects, an 8.3-percent decrease from 1982, with its proportion of the total dropping from 23.9 percent in 1982 to 17.2 percent in 1983.

Capital construction investment helped add the following major industrial capacities: 2.58 million tons of coal; 296.8 kilometers of 110,000-volt high tension power transmission line and 416,000 KVA of transformer equipment; 210,000 tons of cement; printing and dyeing 10 million meters of cloth; 28.8 kilometers of newly built railroads; 31.7 kilometers of newly built double track railroad line; 96,000 mu of farmland, well equipped with irrigation facilities; 20,000 square meters of floor space of newly built granaries; 35,000 new seats for students in primary and middle schools and colleges across the province; and 2,182 new beds in hospitals throughout the province.

In all, 2,039 items of construction projects were under construction in 1983 and of them, 842 items were completed and put into operation, a 41.3 percent rate of completely built items.

The province's rate of floor space acreage on which houses were completely built rose from 41.9 percent in 1982 to 42.9 percent in 1983. Investment in housing projects that were not completed by the end of 1983 scored a 2.2-percent decrease from 1982. The rate of availability of fixed assets dropped from 62.3 percent in 1982 to 51.5 percent in 1983. A completed project relatively commonly exceeds its estimated budget, and the cost of construction continues to rise.

The technical transformation of existing enterprises was improved in 1983. A total of 830 million yuan was invested in renewing equipment and in other technical improvement projects in state-owned units last year, 11.7 percent more than in 1982. Of this, the proportion of investment used to introduce energy- and raw material-saving devices increased 99.5 percent, that for increasing output and expanding production capacity was reduced 20.6 percent.

In 1983, our province made new achievements in geological work. Drilling completed in the year reached 261,000 meters, overfulfilling the plan by 5.1 percent and showing an increase of 1 percent over the previous year. Thirteen mineral-bearing areas, such as coal, iron and aluminum, were found to have more prospective reserves. Fourteen rich mineral-bearing areas were newly discovered and five of them seem to have great prospects.

#### 4. Transportation, Post and Telecommunications

The volume of passenger and freight transportation increased in 1983, fulfilling and overfulfilling the transportation plans. The gross volume of goods transported was 226.56 million tons, an increase of 5.5 percent over the previous year. The volume of freight was 280.4 billion ton-km, an increase of 8.9 percent. Of this, the volume of railway freight was 137.98 million tons, an increase of 6.4 percent and overfulfilling the plan by 5.6 percent. The volume of goods transported by railway was 25.17 billion ton-km, an increase of 7.7 percent. The volume of highway freight was 88.58 million tons, an increase of 4.1 percent over the previous year and overfulfilling the plan by 29.5 percent. The volume of goods transported by highway was 2.86 billion ton-km, an increase of 21.1 percent.

The number of passengers transported in 1983 was 83.34 million persons, an increase of 15.5 percent over the preceding year. The number of passenger transportation was 6.81 billion person-km, an increase of 14.5 percent. Of this, the number of passengers transported by railway was 30.52 million persons, an increase of 10.9 percent. The number of railway passenger transportation was 4.64 billion person-km, an increase of 13.2 percent. The volume of passengers transported by highway was 52.82 billion persons, an increase of 18.4 percent. The volume of highway passenger transportation was 2.17 billion person-km, an increase of 17.3 percent.

In 1983, steady progress was made in our province's post and telecommunications. Transactions across the province was 55.52 million yuan, an increase of 6.5 percent, newspapers and magazines distributed went up 20.3 percent, telegrams up 14.5 percent and long-distance telephone calls up 7.9 percent. The year-end number of telephone subscribers in urban areas was 6.8 percent over that of 1982.

Economic results improved in the departments of transportation and post and telecommunications. The per-capita productivity for railway transportation of Taiyuan railway sub-bureau was up 3.1 percent over the previous year, that of Datong railway sub-bureau was up 2.2 percent, and that of Linfen railway sub-bureau was up 3.1 percent. Profits realized by Taiyuan, Linfen, and Datong railway sub-bureau were 45.5 percent, 43 percent, and 17.7 percent more than in 1982, respectively. The per capita productivity of local vehicle transportation enterprises rose 19.4 percent over the previous year. The profits earned by these enterprises was up 41.6 percent and the profits handed over to the state by these enterprises was up 22.3 percent. The income of post and telecommunications trade showed an increase of 13.5 percent over the previous year.

## 5. Domestic Trade

The commodity purchases of the state-owned commercial departments and supply and marketing cooperatives across the province increased in 1983. Their total value of purchased commodities reached 7.41 billion yuan, up 5.4 percent over 1982. Of this, purchases of pure domestic commodities were worth 4.79 billion yuan, up 5.5 percent over 1982. Of pure domestic commodity purchases, farm and sideline products scored a 1.1-percent decrease from 1982 and industrial products scored a 9.5-percent increase over the 1982 figure. The total value of commodities purchased from outside provinces reached 2.62 billion yuan, a 5.1-percent increase over the 1982 figure. The total value of commodities kept in stock at the end of 1983 scored a 2.5-percent increase over the 1982 figure.

Commodity supplies on markets throughout the province further increased in 1983. The total value of retail sales in 1983 was 6.94 billion yuan, a 13.2-percent increase over the 1982 figure, and an 11.8-percent increase if the rise in retail prices is ignored. Of this, total retail sales of consumer goods increased 11.1 percent and those of means of agricultural production, 25.6 percent. The volume of retail sales of the most principal consumer goods increased over the previous year: grain, 13.8 percent; edible vegetable oil, 25.2 percent; pork, 10 percent; eggs, 3.7 percent; sugar, 7.1 percent; cigarettes, 26.1 percent; wine, 24.9 percent; piece goods, 1.6 percent; woolen piece goods, 21.9 percent; silks and satins, 41.5 percent; bicycles, 26.1 percent; and wristwatches, 22.2 percent.

Retail sales in all sectors of the economy increased in 1983, with the collective and the individual economic sectors registering a faster growth. Total value of retail sales in state-owned firms reached 5.67 billion yuan, a 9.1-percent increase over the 1982 figure; in collective firms, 770 million yuan, a 20-percent increase over the 1982 figure; in individual firms, 280 million yuan, a 31.4 percent increase over the 1982 figure. The collective firms' share of total retail sales value rose to 11.1 percent in 1983 from 10.5 percent in 1982, and that of individual firms reached 4.1 percent, compared with 2 percent in 1982.

Trade in urban and rural peasant markets was brisk and achieved faster development. At the end of 1983, the number of urban and rural peasant markets across the province reached 876, a 165-market increase over the 1982 number. Total business turnover reached 510 million yuan, a 13.8-percent increase over the 1982 figure.

The province's market prices were basically stable in 1983, with some increases. The 1983 general price index for purchases of farm and sideline products rose 1.6 percent over the 1982 figure. The general price index of retail sales in 1983 rose 1.2 percent over the 1982 figure. Retail prices rose 1.5 percent in the cities. Foodstuffs were up 1.1 percent, of which fresh vegetables rose 15.8 percent; fresh fruits, 15.1 percent; clothing, 2.9 percent; medicines, 4.6 percent; fuel remained unchanged, stationaries dropped 1.3 percent; daily necessities dropped 0.7 percent; and the means of agricultural production rose 1.1 percent. The price index for the cost of living of workers and staff members in 1983 rose 1.5 percent over the 1982 figure.

Commercial departments had better economic results in 1983. The circulation cost rate of enterprises under the provincial commercial department decreased to 8.9 percent in 1983 from 8.92 percent in 1982. These enterprises scored a 2.3-percent increase in profits over the 1982 figure. The circulation cost rate of supply and marketing cooperatives throughout the province decreased to 9.34 percent in 1983 from 9.4 percent in 1982. They scored a 81.2-percent increase in profits over the 1982 figure.

State controlled sales of principal means of production in 1983 rose over the previous year. Coal rose 12.5 percent; rolled steel, 7.8 percent; timber, 7 percent; cement, 14 percent; sulfuric acid, 8.8 percent; caustic soda, 2.6 percent; and soda ash, 21.9 percent. The proportion of fulfilled state goods-supply contracts for principal products rose over the previous year. The circulation cost rate of material supply departments across the province fell from 8.6 percent in 1982 to 8.5 percent and the turnover period of working funds was shortened from the previous year's 92 days to 79 days.

## 6. Foreign Trade and Tourism

Our province made developments in foreign trade in 1983. The total value of imports and exports came to 590 million yuan, an increase of 1.9 percent over the previous year. Of this, industrial and mining products accounted for 63 percent and agricultural and sideline products, 37 percent. The volume of exports and imports of principle commodities in 1983 follows: Coal increased 24.7 percent over the previous year, aluminum increased 6.6 percent, name-brand wine increased 24.6 percent, walnut increased 59.5 percent, sodium sulphate fell 15.3 percent, mutton fell 3.9 percent and that of rabbit meat fell 3.2 percent. The value of exports was 55.51 million yuan, a drop of 12.8 percent from the preceding year.

In 1983, a total of 20,224 foreigners, overseas Chinese, and Hong Kong and Macao compatriots came to our province, an increase of 0.6 percent over the previous year. Foreign exchange income from tourism was 3.28 million yuan, an increase of 4.1 percent over the 1982 figure of 3.15 million yuan.

## 7. Science, Education and Culture

New progress was made in scientific research work in 1983. The number of scientific research achievements in the year came to 286, an increase of 31.8 percent over the previous year. Two of them won prizes as inventions and discoveries approved by the state. The ranks of our science and technology personnel further expanded. At year's end, 193,084 natural scientists and technicians were working in state-owned units, an increase of 17,597 persons over the previous year.

Through readjustment, educational undertakings across the province made new changes. Institutions of higher learning enrolled 9,716 students, an increase of 7.8 percent over the preceding year. These schools had a total enrollment of 32,858 students, an increase of 3.5 percent. Institutions of higher learning for adults had a total enrollment of 20,259 students, an increase of 39.9 percent.

Restructuring continued in secondary education. The number of students in all kinds of secondary schools was 1.528 million, a drop of 56,000 persons. Of this, there were 43,647 secondary technical school students, an increase of 5,039 students. There were 47,507 agricultural, middle school, and vocational middle school students, an increase of 21,111 students. There were 12,950 workers' training schools students and 1.424 million regular middle school students, showing a reduction from the previous year.

The reduction of the number of pupils was due mainly to a drop in the number of school-age children as a result of birth control. In 1983, the province's primary schools had 3.663 million pupils, a drop of 159,000 persons. A total of 491,000 children were sent to nurseries, an increase of 2,000 children.

A picture of prosperity took place in 1983 at cultural units, in the press, radio, and television. There were 5,438 various movie projecting units at the end of 1983 totaled 5,438 in the province; 181 various literary and art troupes, 127 mass art and cultural halls, 90 public libraries, and the number of museums was 26. The province had 2 radio broadcast stations, 11 radio transmitting and relay sites, 1 television central station, and 12 television transmitting and relay stations--each with a capacity above 1,000 watts. A total of 293 million provincial, prefectoral, and city newspapers, 16.74 million magazines of all kinds, and 94.91 million books and pictures were published in 1983, contributing to the program of building socialist spiritual civilization.

## 8. Public Health and Sports

Public health work continued to improve in 1983. At the end of 1983, the province had 5,666 public health units of all kinds, a 39-unit increase over the 1982 figure. Of these public health units, hospitals numbered 2,403. The sickbeds of hospitals numbered 74,490, a 2.8-percent increase over the 1982 figure. Professional health workers numbered 103,638, a 3.5-percent increase over the 1982 figure. Of these workers, doctors numbered 47,145, a 3-percent increase over the 1982 figure; senior nurses and nurses, 15,379, an 8.2-percent increase over the 1982 figure, contributing to upgrading the level of the people's health.

Good achievements were scored in sports in 1983. The province's 15 sportsmen broke the 7 national records and 92 sportsmen broke 105 provincial records. The province's sportsmen won 46 golden medals in national sports events. The province held 998 sports meetings at or above the county level, a 105-meeting increase over the 1982 figure, with the participation of 319,000 sportsmen, a 33,000-sportsman increase over the 1982 figure. The province's 741,000 sportsmen reached the national standard in sports training. Mass sports activities were extensive.

## 9. Living Standards

The year 1983 saw a continued rise in living standards both in cities and in the country. A sample survey of 1,100 peasant households in 22 counties across the province showed an average annual per-capita net income of 275.8 yuan, a 21.4-percent increase over the 1982 figure. The national census showed an

increase in the proportion of peasant households whose per capita net income was more than 500 yuan to 7.5 percent in 1983 from 3.7 percent in 1982. A sample survey of 440 staff-member and worker households in the four cities across the province showed an average annual per-capita income of 423.2 yuan available for living expenses, a 5-percent increase over the 1982 figure. Considering the rise in the cost of living index, real income rose by 3.4 percent.

Expensive electric appliances owned by staff-member and worker households increased rapidly. Each 100 households had 38.2 washing machines, a 9.8-machine increase over the 1982 figure; 82.3 television sets, a 10.5-set increase over the 1982 figure; and 15.9 recorders, a 5.6-set increase over the 1982 figure. Each 100 peasant households had 86.3 bicycles, a 11.1-bicycle increase over the 1982 figure; 64.4 sewing machines, an 8.7-machine increase over the 1982 figure; 100 wristwatches, a 29.8-watch increase over the 1982 figure; and 4.2 television sets, a 3.7-set increase over the 1982 figure.

In 1983, a total of 149,606 people were given jobs, including unemployed young people in cities and towns and the year's graduates from colleges, secondary technical schools, and workers' training schools covered by the state job assignment program. The year-end figure for workers and staff members was 3.4 million, 136,000 more than at the end of 1982. Of these, 2.746 million were in state-run establishments, an increase of 111,000, and 654,000 were in collective units in cities and towns, an increase of 25,000. The number of self-employed at the year-end was 44,763, 18,115 more than at the end of 1982.

The annual wages of workers and staff members in 1983 totaled 2,712.15 million yuan, up 7.9 percent compared with the preceding year. The average annual cash wage for workers and staff members was 827 yuan, an increase of 5.2 percent.

Job safety improved. The deaths of workers and staff members on duty at all state- and collective-run enterprises at or above the county level fell 6.9 percent from 1982, and serious injuries fell 32.7 percent.

Housing projects completed by state-run units in 1983 totaled 2.79 million square meters of floor space. Houses built by collective-run units in cities and towns totaled 172,000 square meters of floor space. Houses built by peasants came to 12.48 million square meters of floor space.

Urban and rural savings deposits came to 4.88 billion yuan at the end of 1983, a rise of 31.1 percent over the end of 1982.

Continued improvements were made in support of the aged, disabled, widowed, and orphaned whose livelihood was not assured. A total of 36,534 such people were supported by rural collectives in 1983. Homes for the aged in rural areas numbered 282, housing 1,742 people, 67.2 percent more than in 1982. The number of social welfare institutes and child welfare institutes in cities and towns was 11, taking care of 606 people.

## 10. Population

The provincial population at the end of 1983 was 25.723 million, which was 263,000 more than the previous year's figure of 25.46 million.

Family planning made much headway. In 1983 the provincial birth rate was 17.32 per thousand, the mortality rate 6.62 per thousand, and the natural growth rate 10.7 per thousand, a drop of 3.73 per thousand compared to the previous year's figure of 14.43 per thousand.

Although our province achieved great results in national economic and social development in 1983, some problems still exist. These problems are: Economic relations are yet to be straightened out; pressure on transport has not yet been relieved; the quality of enterprises is poor, the level of management and operation is low, economic results are not good enough; and the retail prices of some commodities, especially vegetables and fresh fruits, have fluctuated greatly. In 1984, we should continue to implement various principles and policies of the CPC Central Committee, further improve economic relations, and work hard for the stable and sustained development of our province's national economy.

CSO: 4006/628

## AGGREGATE ECONOMIC DATA

### BRIEFS

LIAONING INDUSTRIAL PRODUCTION--In the first half of 1984, the total industrial output value of Liaoning Province increased 10.2 percent over the corresponding 1983 period. In June, the industrial output value reached 5.12 billion yuan, setting a new record. In the first half of this year, profits handed over to the state by industrial enterprises covered by province's budget increased 21.9 percent over the same 1983 period. [Summary] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 5 Jul 84 SK]

TIANJIN COLLECTIVE INDUSTRIAL ENTERPRISES--As of now, Tianjin Municipality has had more than 2,000 collectively-owned industrial enterprises conducting independent accounting and responsible for their own profits and losses, accounting for 40 percent of the total number of various collectively-owned enterprises across the municipality. They accommodate more than 130,000 staff members and workers with an annual output value of more than 900 million yuan. During the 1979-1983 period, they provided jobs for more than 100,000 jobless youths. [Excerpts] [Tianjin City Service in Mandarin 0030 GMT 3 Jul 84 SK]

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## ECONOMIC MANAGEMENT

### FORUM DISCUSSES ECONOMIC REFORM IN WUHAN

HK070850 Wuhan HUBEI RIBAO in Chinese 14 Jun 84 p 4

[Report compiled by Yi Ding [0001 0002]: "Famous Experts on the Overall Economic System Reform in Wuhan--Excerpts of Speeches at the Forum on Strategies for Wuhan's Economic and Social Development and the Theory of the Overall Economic System Reform in Wuhan"]

[Text] Editor's note: At the forum on strategies for Wuhan's economic and social development and the theory of the overall economic system reform in Wuhan, famous economists and scholars from Beijing and Shanghai carried out a thorough theoretical discussion of the questions of Wuhan's overall economic system reform. Their speeches, integrating theory with practice, and embodying a definite degree of theoretical depth and some relatively farsighted strategic views, are of great value in serving as a reference for Wuhan's economic system reform. We now publish here excerpts of some of those speeches. The subheads in this article have been added by the editor. [end editor's note]

The Strategies for Wuhan's Economic Development Must Be Subordinate to Overall National Strategies

Qian Junrui [6929 0193 3843] of the Chinese Academy of Social Sciences said:

The 12th CPC Congress put forth the strategic goals, measures, and steps appropriate to this period up to the end of this century. At present, we must mainly grasp two major things: First, the reform of our system; and second, the opening of our country to economic intercourse with other countries. Whether these two things are done well is directly related to whether our strategic goals can be attained, because we are now seriously challenged by three aspects of reality: First, the worldwide new technological revolution will tremendously promote the development of productive forces and changes in production relations; second, the center of the world economy will gradually shift from the Atlantic Ocean region to the Asia-Pacific region, with China's position becoming increasingly more important; and third, the building of socialism with Chinese characteristics entails the continued extension of opening our country to economic intercourse with other countries and the practicing of two social systems in our country (after taking back Hong Kong and Taiwan). As the largest inland economic center in our country, Wuhan should, proceeding from the new situation, circumstances, and requirements, study its own economic and social development strategies and make greater contributions to meeting the three major challenges and to our country's four modernizations.

In formulating Wuhan's strategies, one must, under the guidance of our overall national tasks and goals, proceed from the local real situation; fully develop Wuhan's strategic superiority; and build Wuhan into "the largest inland economic center in our country which integrates the east with the west, which facilitates a two-way flow between the north and the south, which is open to other countries, which achieves good results, and which performs many functions." All production and economic life in this economic center must be guided by advanced and appropriate science and technology.

At present, the primary requirement is to firmly grasp system reform. The enterprises now under the central authorities and provincial authorities should, in principle, be put under the administration of the municipal authorities, which must in turn gradually bring about the separation of the administrative authorities from the enterprise authorities, streamline their administration, and transfer power to lower levels. While persisting in relying mainly on the planned economy, we must fully develop the role of the market mechanism and that of the law of value, and fully utilize economic levers such as taxation, credits, commodity pricing, wages, and so on. Industrial reform and commercial reform must be carried out simultaneously, local conventions must be broken through the reform of circulation, and some state commercial enterprises must be assigned to the collectives or individuals to be operated under contracts or leases. Labor, personnel, and wage systems must be gradually reformed. Systems of factory directors' and managers' responsibility as well as contract worker systems must be implemented.

#### Choosing Wuhan as the Experimental Point for the Overall Economic System Reform Can Help Enliven the Changjiang Valley

Tong Dalin [4547 1129 2651], vice-chairman of the State Council's Systems Reform Committee, said:

Wuhan is an extra-large city in the middle reaches of the Changjiang. Any consideration of the orientation of the development of Wuhan's economic construction must not be divorced from the economic development of the entire Changjiang Valley. However, in the past, we studied too little about the magnificent Changjiang. The enlivening of the Changjiang Valley can bring about a boom in our entire national economic construction. It is our lofty historical responsibility to speed up our study of the Changjiang Valley's economic development, to fully utilize the Changjiang Valley's abundant natural resources, and to build in the Changjiang Valley a new model of a well-developed large-valley economy.

What is the Changjiang Valley's economic and natural superiority? The Changjiang Valley is one of the world's largest river valleys. It is the richest region and a major economic artery of our country. If we link the rivers, lakes, and seas together, join the railways, highways, and air routes in the neighborhood together, and quicken the building of an enormous communications network, we can achieve rapid development in economic construction.

Changjiang's enormous superiority also lies in the many large- and medium-sized cities along its banks. From Yibin in Sichuan to Shanghai, over 20 large- and medium-sized cities, which are famous all over our country, are linked by the Changjiang, like "pearls linked by a silver thread." Where else at home or

abroad can we find such good economic conditions? Some people liken Shanghai to the head of a huge dragon, where an enormous international finance and trade center can be built. Going upstream from Shanghai, we find in southern Jiangsu the largest centers of light and textile industries in our country. Moreover, Wuhan and Chongqing are important bases of light and heavy industries in our country, and southern Jiangsu, Hunan, and Hubei have always been well-known for their well-developed agriculture. No other region in the world enjoys comparable superiority.

The Changjiang also enjoys the most important kind of superiority: It possesses the most plentiful intellectual resources, or technological resources, among the localities of our country. Relying on these resources, we built the Gezhou Dam Irrigation Center, and in the future we will also build the Three Gorges Project. Our 1.7-meter rolling mill is playing an enormous role.

In both ancient and modern times, numerous statesmen and strategists in our country vied for power in the Changjiang Valley. Here, they engineered and implemented many famous strategies and tactics. Today, in studying the tactics and tentative strategies governing the economic construction of the Changjiang Valley, we must mobilize all able and resourceful persons to carry out a joint study, we must fully develop the enthusiasm of the 350 million people living in the Changjiang Valley, and we must jointly build the Changjiang paradise by using the most advanced science and technology.

The CPC Central Committee requires the whole nation to quadruple the total annual industrial and agricultural output value by the year 2000. I think what we must now study is how the Changjiang Valley can develop ahead of schedule. Here, how early should we attain the magnificent goals of quadrupling the total output value and earning an average per capita annual income of \$1,000?

Selecting Wuhan as the experimental point for our overall economic system reform can help enliven the economy of the Changjiang Valley. At present, an economic zone has been established in Shanghai and experimental reform in Chongqing has gone on for a year; however, they are not provincial capitals. Now Wuhan is a provincial capital. Not only are there relationships with the central authorities, but relationships between provincial and municipal authorities are of major importance. How can these relationships be straightened out? Further study is necessary. If Chongqing in the upper reaches, Shanghai in the lower reaches, and Wuhan in the middle reaches are well developed, a new situation in the economy of the Changjiang Valley will appear. This will enormously promote the invigoration of the entire Chinese economy.

The experimental reform of Wuhan as an extra-large city, being part of the great Changjiang Valley development strategy, has aroused nationwide attention. How can Wuhan's economy start to develop? How can breakthroughs be achieved? Faced with the existence of motivation, potential, and also pressure, we must be even more cool-headed and we must make well-conceived considerations. We must not only persist in our reform, but we are also required to do a better job in our reform work. Whenever we consider a major reform measure, we should envision the costs that must be incurred and we must try to minimize the costs.

What is a city [Chengshi 1004 1579]? Shi [1579] means a market, that is, commerce. Now, buying and selling are of prime importance for a central city. In this respect, Wuhan's condition is particularly favorable. As a central city, Wuhan must naturally be a special-class market in our country. It must become the trade center of the Changjiang Valley and the central China region. It must also cater to faraway territories to the southwest and northwest, doing a good job in the import and export trade. Wuhan enjoys highly favorable conditions in communications. It is completely possible for people to buy in Wuhan commodities from all localities in our country. Sectors of industrial production and business units must fix their eyes on two things. The first thing is the pockets of rural households earning over 10,000 yuan a year. By adequately supplying commodities and good services, they must take money from these households' pockets, thus enabling money to come back. The second thing is the refrigerators of urban households. These must be filled with various kinds of vegetables and foods. In Wuhan's neighborhood, there are scenic spots, such as the Three Gorges of Changjiang, and many places of historical interests. Centering round these items of superiority, we must reform the industrial structure and build big ports and airports, and we should also build big abattoirs and aquatic products processing plants. There are many lakes in Wuhan's neighborhood. In the future, when the animal husbandry and aquatics breeding occupations have developed, good processing services must be offered to the peasants.

Wuhan also has enormous intellectual resources. I feel that at present, the term intellectual always makes people feel that intellectuals are not part of the workers. It is better to simply call them learned workers, a term which cannot only include intellectuals, but can also include educated workers, cadres, peasants, and soldiers. These people together form a large army of learned workers, on whom the four modernizations must rely. Whoever has a correct perception of knowledge as a major link has the situation in his grasp. There is a large pool of intellectuals around the East Lake area in Wuhan. Now a joint intellectual development company has been formed. University professors are engaged in business and they are converting the fruits of scientific and technological research into productive forces as quickly as possible. To gain a reputation, Wuhan must first satisfactorily implement policies concerning intellectuals and thus attract intellectuals from other localities to offer their services, and second, it must provide good conditions and a good environment for reformers, so that reforms from all localities are willing to come here to make an all-out effort.

#### Action Is An Urgent Matter in Undertaking Reforms

Yu Guangyuan [0060 0342 6678], consultant at the Chinese Academy of Social Sciences said:

Reform, principally the reform of economic systems, serves to promote and quicken changes in those parts of the economic base and superstructure which are not compatible with the development of the social productive forces. Reform is definitely not an end in itself; it is a means of quickening modernization. Reform is the primary condition which ensures the attainment of our strategic goals and which makes our economy develop smoothly. The reform of socialist economic systems is a global phenomenon. Many countries are considering this question, though they consider it in different ways.

Our country's current economic system reform can greatly promote the development of the productive relations can promote the development of the productive forces, and we should reform our production relations in a planned way. At present, our domestic reform situation is marked by five "beings," namely: economic reform theory is being discussed; an overall plan of reform is being formulated; the people's ideological consciousness is being enhanced; preparations for an overall system reform are being made; and the reform of the socialist economic system is being carried out. China is a country with a large population and a vast territory. Problems handed down from the past are numerous. Our economic system reform is a very difficult job. However, in the light of objective reality, reform is imperative and highly urgent. At present, theoretical views are not completely unanimous, the formulation of plans involves many aspects, and ideological understanding still needs to be improved. However, we must not wait until everything is in order before taking action. The most urgent thing is practice--action!

Now that we want to achieve the four modernizations, to wait and see is useless. Modernization is an international concept. It requires our economy and technology to be advanced. Therefore, we must study the trends of development and changes in the technology, industrial structure, science, and education of the developed countries. We must import technology and overcome obstacles to technological transfer. This is also a major policy. To attain our overall strategic goal, we must consider local strategies as part of the national strategy. The various localities do not develop in a balanced way. Each has its own strengths and weaknesses. Through reform, each must develop its good points and get around its shortcomings and establish its own strategic goals. The development of the coastal, central, and western regions must be integrated; economic relations of close cooperation must be established; and similarly some breakthroughs in matters of systems must also be achieved.

Reform strategies are also necessary in carrying out reform. We must continuously sum up experience and move closer to perfection through practice. Since the 3d Plenary Session of the 11th CPC Central Committee, great success has been achieved in the span of a mere 5 years. If we had waited until "thousands of things were in order" before taking action, we would probably have achieved nothing by now. The flourishing of our countryside at present is a tremendous achievement resulting from practicing responsibility systems whereby contracts are linked to output. We must make an overall judgment and detailed plans. Overall reforms or partial reforms should be carried out in various cases as warranted by necessity. We must allow some localities, sectors, or units to take action before others do. We must definitely not go after a "simultaneous advance." If everyone wanted a "simultaneous advance," people would wait for one another, resulting in stagnation. Development should involve differences in time order and advance must be achieved amid motion. In a certain sense, the existing special zones are localities which have gone a step further than others in our systems reform. It is not true that other localities must not follow them with regard to certain policies and practices. Of course, it is also definitely not true that other localities should copy everything without caring about their own local conditions. Actually, some localities in our country have begun to imitate some policies of the special zones. Through the practice of those localities which have gone a step further than others, some experience of success in reform can be popularized, while some shortcomings can be avoided.

At present, some comrades have said much but have done little. They are accustomed to working according to regulations without examining whether certain regulations and systems are rational and scientific. We should flexibly respond to changes in the historical conditions of economic life. We must free ourselves from old ideas and dare to break through so-called "legal but irrational" things. We must quicken our response to changes in objective reality. For those things which are "rational but illegal," we must make them both rational and legal through reform. Through continuously summing up experience and improving the practice of reform, we must finally make things legal if they are rational and illegal if they are irrational. In studying local strategies, we should acknowledge that local strategies also involve many problems. National strategies are based on overall considerations, but various localities differ in their conditions, and in considering their key technological strategies, we must not treat everything the same. In formulating its local strategy, a locality must, in the light of its local characteristics, study the composition of its human, material, and intellectual resources, and so on, thus determining the key points of its own development in various realms. Every locality or enterprise should proceed from its own actual condition and build those industries which embody its own characteristics and bring its own superiority into play.

#### The Cities Must Serve the Countryside

Chen Bocun [7115 0130 2625], member of the Standing Committee of the National Political Consultative Conference, said:

How can Wuhan be turned into a genuine central city? The CPC Central Committee has approved taking Wuhan as an experimental point for overall reform. This will greatly help untie fetters. Wuhan has a good industrial foundation and over 20 universities. Its scientific and technological strength is just next to Beijing and Shanghai. It is absolutely capable of carrying out reform. The following three things can be grasped:

1. The existing enterprises can be integrated and reorganized. We can consider establishing certain industrial company entities, strengthening integration and reorganization, carrying out technological reform, appropriately importing equipment needed for production, and thus bring about a leap in production.
2. We must exploit Wuhan's superiority in its availability of scientific and technological personnel, help the factories carry out technological transformation, and provide economic and theoretical proof.
3. The cities must rely on the countryside. This time Comrade Hu Yaobang criticized Hubei's agriculture as being the shorter leg. I think the shortcoming lies in the production of commodities. At present, the development of crop growing, aquatics breeding, and so on is hindered by unsatisfactory services before, during, and after production. Only by serving the countryside can the cities exercise leadership over the countryside, become economic centers, and gain in attractiveness. If the countryside becomes rich, the cities' economic development can be promoted.

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## Aims of Reforms in Central Cities

Lin Ling [2651 0407], deputy head of the Sichuan Academy of Social Sciences, said:

A list of plans to be implemented and the assignment of power over economic management to the provincial level are conditions for, but not the aims of, reforms in cities. The aims of reforms can be examined in the following three ways: First, liberating productive forces in the cities and greatly improving the central cities' production, technological, and management standards and economic results; second, ending the isolation of departments, localities, cities, and rural areas from one another and establishing an economic management system whereby the cities organize in a centralized way production in, and circulation between, the cities and the countryside; third, contributing strength, through reforms in cities, to the building of an economic system suited to our national condition and the building of socialism with Chinese characteristics. The cities must organize in a centralized way the achievement of a comprehensive equilibrium and cooperation among specialized units with regard to the cities' overall economic activities, and they must thus become open cities which perform central functions related to communications, trade, production, finance, information, and so on. Economic zones marked by integration of cities with the countryside and of industry with agriculture must be built. Internal enlivening of the economy must be integrated with opening of the economy to foreign trade. Economic means must be extensively used so that horizontal economic links can be vigorously organized. These are the five central things. Reforms in the cities must be carried out as part of a complete set of reforms which include reform of the economic management functions and powers of the provincial organs and relevant organs under the CPC Central Committee, and the formation of new isolated spheres of power must be prevented. In building a new type of economic zones, the mere transfer of powers to the enterprises and the extension of administrative powers will not solve problems. It is also necessary to correspondingly carry out a series of reforms; for example, to vigorously carry out taxation system reforms, to vigorously enhance one's own economic strength, to carry out a whole set of policies which can promote the opening of the economy, and so on.

Enlivening the enterprises and mobilizing the enthusiasm of the enterprises and their workers must continue to be the basic starting point in developing the role of the central cities. New forms and methods of economic management must be vigorously explored to correspond with reforms in the central cities. Economic management systems, such as economic policy formulation systems, economic information systems, economic regulation systems, economic inspection and supervision systems, external economic relations systems, and so on, must be established and strengthened.

CSO: 4006/628

ECONOMIC MANAGEMENT

HE ZHUKANG INSPECTS STRUCTURAL REFORM IN WUZHI

HK101546 Zhengzhou Henan Provincial Service in Mandarin 1230 GMT 9 Jul 84

[Text] On the morning of 7 July, braving rain, Governor He Zhukang and his party arrived in Wuzhi to learn about the situation in economic structural reform in counties and cities.

In his report, (Zhan), head of this county, said that five townships in the (Jingnan) food control area reaped a bumper wheat harvest this year but had been unable to transport 100 million jin wheat out of their area. However, the flood season is approaching and they are very worried. A large quantity of four well-known medicinal herbs in Wuzhi, including chrysanthemum, [words indistinct], hyssop, and rehmannia, are stocked by peasants. The drug departments do not procure them, while medium-sized drug factories in places, like Zhengzhou, lack these materials. Yet, if peasants privately transport and sell a small quantity of them to other places, they are fined at stations. The peasants complain about this and are worried. The county has found some ways to solve these problems but it has been restricted by the old conventions of the upper level.

He Zhukang attached great importance to this. He immediately instructed the relevant departments to [words indistinct]. He instructed grain and communications departments to immediately solve these problems. Regarding the four well-known medicinal herbs, he and the personnel concerned of the provincial drug company studied and put forward three views: 1) drug departments must sign contracts with peasants in accordance with plans for growing and procuring them and the contracts must be fulfilled; 2) after fulfilling their procurement quotas, drug departments can also give priority to procuring the surplus medicinal herbs of the masses, where necessary; 3) when drug departments do not procure medicinal herbs, economic combined cooperatives, supply and marketing cooperatives, and individual peasants will be allowed to transport and sell the medicinal herbs.

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BRIEFS

TAIHANG SHAN ECONOMIC RESEARCH SOCIETY--Shijiazhuang, 6 Jul (XINHUA)--The China Taihang Shan Area Economic Research Society was recently founded in Shijiazhuang. Advisors to the society are Yu Guangyuan, a celebrated economist; Liu Jie, first secretary of the Henan Provincial CPC Committee; Li Ligong, secretary of the Shanxi Provincial CPC Committee; and Zhang Shuguang, secretary of the Hebei Provincial CPC Committee and governor of Hebei. The Taihang Shan area stretches over Hebei, Henan, and Shanxi Provinces and the suburbs of Beijing. The area is characterized by rolling mountains, most of which are barren. To speed up the development and improvement of this area and to quickly achieve the great objective put forward by leading comrades at the central level of changing the Taihang Shan from a "yellow dragon" to a "green dragon," a decision was made to found the China Taiyang Shan Area Economic Research Society at the suggestion of Comrade Yu Guangyuan and after ample discussions and consultations held by the leaders concerned of the three provinces. The society's main tasks are to probe the rules to be followed in developing the Taihang Shan area, organize academic exchanges among the relevant scientific and technical personnel of the three provinces and one municipality, and contribute to the harmonious development of the science and technology, economy, and social activities and to the maintenance of a good ecosystem while developing the economy of this area. [By Zhang Wenjiang and Jiang Shan] [Text] [OW062243 Beijing XINHUA Domestic Service in Chinese 0101 GMT 6 Jul 84]

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## FINANCE AND BANKING

### BANKS PLAY IMPORTANT ROLE IN ECONOMIC CONSTRUCTION

Chengdu SICHUAN RIBAO in Chinese 12 Apr 84 p 2

[Article by Xu Ming [1776 2494], President of the Sichuan Provincial Branch of the People's Bank of China: "Bring the Role of Banks into Full Play; Serve the Goal of 'Enriching the People' and 'Playing a More Important Role'"]

[Text] "Enriching the people" and "playing a more important role" is the strategic decision made by the Provincial Party Committee in attempts to realize the general goal suggested by the 12th CPC National Congress, and to initiate a new operational situation in Sichuan. For realizing "enriching the people" and "playing a more important role" it is necessary to do a good job in all respects, mainly in economic construction. The bank has an important role in economic construction. It is the functioning component of the state in managing banking and conducting credit business, the pivotal point of the monetary activities and fund operations of an entire economy, and an important lever for developing economic and technical renovation. It is obligatory and worthwhile for the bank to serve "enriching the people" and "playing a more important role." Our banking components should creatively carry out thoroughly the banking principles and policies of the state, positively accumulate funds, rationally utilize funds and enhance the methods of acquiring funds in order to contribute more to "enriching the people" and "playing a more important role."

The use of the strength of credit funds for supporting economic development is an important aspect of the bank's service in "enriching the people" and "playing a more important role." At present, three links in this chain should be grasped. The first link is giving energetic support to further the progress of rural commodity production. We know that is impossible for socialism to consolidate and develop on the basis of a self-sufficient economy. To change the picture of the 80 million farmers in our province being fixed to more than 100 million mu of land to make a living, rural commodity production must be energetically developed. This is the premise of "enriching the people" and "playing a more important role," and is also the main aspect of utilizing the rural credit funds. The bank should energetically support the contract households and specialized households, (priority households) develop their commodity production, support the full development of agriculture, forestry, animal husbandry, sideline occupations

and fisheries, support pre- and post-production serivces, and support rural commercial departments in enlivening circulation. Insurance work should be gradually developed from the city to the rural area, various kinds of insurance should be set up to meet the need of the farmers, and accidental loss snould promptly be compensated for, to the end that a guarantee be provided to accelerate the farmers' acquisition of wealth. The second link is going a step forward to support the technical transformation and technical progress in the enterprises. One of the important reasons that hinders the economic development in our province is that in many enterprises their equipments are old and their technique is backward. Therefore, enhancing technical transformation in enterprises is the key to "enriching the people" and "playing a more important role," which should be given energetic support by the bank. We should coordinate the medium and short term equipment loan with floating fund loan, the Renminbi loan and foreign exchange loan, to positively support the enterprises in adopting new equipment, new materials, new technique and new skills for raising the quality of their products, for increasing the number of designs and colors and varieties, for lowering production cost and for economizing on material consumption. To the 26 major priority textile products opened up in our province, the bank should strengthen investigation and research, participate in formulation of plans, help raise funds, assist linking up production and marketing, and vigorously promote their development. To meet the need of enlivening the economy and strengthening technical transformation a bank should have various flexible methods of extending credit. Based on the characteristics of the economic activities of enterprises, such businesses as providing sellers credit to acceptance of bills, discount on notes and leasing may be set up. The need of the enterprise in trial-producing new products and promoting scientific and technological achievements may be supported with circulating fund loans. The third link is the work of strengthening the raising of social funds. Without sufficient funds, the contradiction between supply and demand is great; this is an outstanding issue in the current economic construction. The bank should bring into full play its function of fund accumulation, open up various channels, and should exert special efforts in developing the savings undertakings in urban and rural areas, to the end that the idle funds in society may be accumulated in a better way for replenishing the strength of the funds for the sake of "enriching the people" and "playing a more important role."

To make good the bank's duty of managing funds and to enhance the enterprises in raising economic results is another important aspect of the bank's service of "enriching the people" and "playing a more important role." At present, the main index of our province's economic results is below the national average. The bank should utilize the economic levers of credit, interest rate, and account settlement to tighten control and accelerate the increase in social economic results. In this regard, two tasks should be grasped and paid attention to. The first task is to enhance the enterprises in speeding up the turnover of funds. The taking up of too many funds, slow turnover and poor in economic results of the industrial and commercial enterprises in our province is a question which urgently needs solution. The banks should follow the directives of the State Council, and on the basis of organizing enterprises in checking up on funds and

materials, do a good job of putting the circulation funds of enterprises under the unified control of the bank, help the enterprises establish a healthy system of fund control, carry out the target of accelerating the turnover of funds, clear up overstocking, collect old debts, reimburse the advances, tap internal potential, and economically and rationally utilize funds. The second task is to help enterprises recover their losses and generate more profits. This is an important component of enhancing economic results. The bank should, under the leadership of the local government, coordinate with finance and competent enterprise departments, to do a good job in this regard. Analysis of individual accounts is necessary in the case of enterprise losses. A time limit should be set to avert losses due to ill management. The bank should stop extending loans to those unable to avert losses within the set time limit and urge them to close, suspend, merge or retool. Regular economic activity analysis should be made of each of the enterprises, to help them improve their management and administration, increase their profits, increase their state revenues, and support construction of key projects in order to strengthen the after-effect of vigorously developing the economy.

A planned regulation of currency circulation and maintenance of currency stability in the market is another important aspect of the bank's service in "enriching the people" and "playing a more important role." The maintenance of currency stability is a pre-requisite of developing the economy. Without currency stabilization, economic development will encounter impediments and the raising of people's living standard cannot be guaranteed. In order to maintain currency stability in the market, the banks should rely on the Party and the political leadership and cooperate with concerned departments to regulate currency circulation well. The People's Bank and specialized banks must strictly carry out credit plans, control the scope of credits, and must not surpass the quota directed by their superiors without approval. Cash management and the supervision of the wage fund, the control over the blind increase of the consumption fund and irrational placement of currency into circulation must be strengthened. The banks should, during the course of energetically supporting the state-operated economy, positively support the development of both the collective and the individual economy, and make good the function of using the small to make up for the big, and using the surplus to make up for the deficient, in order to increase commodity supplies and meet the needs of the masses. They must support the commercial components in procuring industrial and agricultural products, dredge the circulation channels, expand commodity sales, and accelerate the withdrawal of currency from circulation. The People's Bank and specialized banks should do a good job in cooperation and coordination, strengthen investigation and research, especially the investigation and research of the macroeconomy and banking, and combine the support and invigoration of the microeconomy with strengthening the control of macrobanking in order to benefit the implementation of the macroeconomic policy. Only in this way can favorable conditions be created for economic stability and growth, and only in this way can reliable guarantee be provided for "enriching the people" and "playing a more important role."

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FINANCE AND BANKING

BRIEFS

STATE AIDS TO XINJIANG--Over the past few years the state has taken many measures to specially care for the Xinjiang Region, and has provided favorable conditions for changing the region's relatively backward economic and cultural situation and speeding up the development of various projects. Since 1980 the region has reserved its local revenue for its own use, and the difference between expenditures and revenue has been subsidized with the revenue of the central authorities. Over the past 4 years the state has subsidized the region by over 4 billion yuan, which has accounted for 279 percent of the region's local fixed revenue in the same period. The state has also given the region additional funds for special use. From 1979 to 1983, the state gave border areas funds for capital construction and economically underdeveloped areas funds for development, totaling 250 million yuan. [Summary] [HK250723 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 9 Jun 84 HK]

TAX, PROFIT, REVENUE INCREASE--NCNA Nanchang, 12 April. Industrial and transportation production in Jiangxi during the first quarter was excellent. The rate of increase in tax, profit and state revenue surpassed that of output value. Compared with the same period last year, the total production value increased by 13.2 percent, tax and profit increased by 27 percent, and state revenue increased by 26.1 percent. The amount of industrial enterprise profit in the provincial budget to be turned over to the state increased by more than one fold. [Text] [Beijing RENMIN RIBAO in Chinese 13 Apr 84 p 11] 12739

AGRICULTURAL LOANS DISTRIBUTED--Since the thorough implementation in Jiangsu's rural areas of the 198 Document No 1 issued by the CPC Central Committee, the farmers are high in their enthusiasm go get rich, the momentum to develop commodity production is strong, and the demand for funds is great. According to the recent statistics of the Provincial Agricultural Bank, the agricultural loans distributed in the whole province for the first quarter amounts to more than 400 million yuan, a 29 percent increase over that of the same period last year, creating a new historical record. [Text] [Nanjing XINHUA RIBAO in Chinese 10 Apr 84 p 1] 12739

CSO: 4006/502

## MINERAL RESOURCES

### GEOLOGY OF HENAN SILVER ORE BED

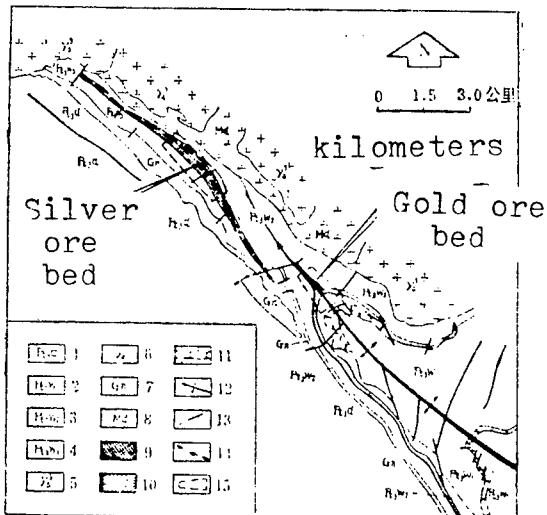
Beijing ZHONGGUO DIZHI [CHINA GEOLOGY] in Chinese No 2, 1984 pp 15-18

[Article by Zhang Chong Gan [1728 1504 3227], Number Three Geological Survey Team, Henan Province Bureau of Geology and Minerals: "Investigation into the Geological Characteristics and Genesis of a Certain Large Silver Ore Bed in Southern Henan"]

#### [Text] I. Geological Survey

The ore bed lies at the eastern extremity of the folds of the Qinling system which rise up between Funiu and Tongbai. In the Proterozoic Era the bottom and middle layers were metamorphosed into a volcanic-sedimentary extruded fold in a north-to-west direction. From oldest to youngest, the strata include these formations: Waitoushan, Dalishu, Zhangjia dazhuang, Liushanya, Dahe and Gushantou. The Dalishu and Liushanya formations are enormously thick strata made up of volcanic rock-spinitic porphories, and accompanying them are clastic formations-volcanic clastic sedimentary carbonates, which after metamorphosis became granular rock, quartz schist and quartz-mica schist, amphibolites, marble, etc. The Waitoushan formation is the system with the most gold and silver ore-bearing rock. In line with the features and make-up of its rock, we may divide it into three parts: top, middle and bottom. The top part and the middle part each have one ore-bearing stratum, the former being referred to as the "top ore-bearing stratum," and this constitutes the pay lode for this ore bed; the latter is referred to as the "bottom ore-bearing stratum," and this is the pay lode for the gold ore bed neighboring this bed. The rock in the two ore-bearing strata is made up chiefly of metamorphic granular rock, calcareous sericlitic quartz and sericlitic quartz schist.

The ore area is dominated by the north-to-west tectonic belt, with the Qianhezhuang anticline as the main structures; parallel to that is a system of belts of extrusive, fairly fractured masses, making up the main ore-controlling structure. This ore bed lies in the south-to-west anticlinal limb; the north-to-east limb was replaced by "Type-S" muscovite plagioclase granite of the late Haixi and porphyritic granodiorite of the early Yanshan. No large intrusive masses have been found in the ore area, and while there is a late Yanshan minette vein, its scale is not large, and it mostly passes between the strata. (see map.)



Key:

1. Proterozoic Dalishan formation
2. Proterozoic Waitoushan formation, top
3. Waitoushan formation, middle
4. Waitoushan formation, bottom
5. Late Yanshan porphyritic granodiorite
6. Early Haixi muscovite plagioclase granite
7. Plagioclase-gneiss
8. Mixed area (quartz-diorite)
9. Top ore-bearing stratum
10. Bottom ore-bearing stratum
11. Marble
12. Anticlinal axis
13. Fault
14. Extruded-fracture area
15. Border of ore area

According to the results of our research, the original rock of the mica-quartz schist was ordinary sedimentary rock with a small number of volcanic properties (argillaceous siltstone, argillaceous fine sandstone, clay rock); the original rock of the metamorphic granular rock was fine sandstone, tuffaceous sandstone and medium-acidic sediment-tuff; and the original rock of the plagioclase diorite schist was femic marl or argillo-arenaceous dolomitic limestone (the original rock of the plagioclase diorite schist in the top of the middle part of the Waitoushan formation was basic volcanic rock or basic volcanic rock containing pebbles). Regional metamorphic rock belongs to the middle-temperature middle-pressure class (kyanite-sillimanite type); in specimens of metamorphic rock from the ore area and environs, potassium-argon isotopes show their age to be 467 to 326 million years, so the time of metamorphic activity was Caledonian to early Haixi.

## II. Features of the Ore Bed

Five discovered ore bodies of commercial importance and of exceptionally large scale are found in this ore bed (ore bodies I, VI, V, IV, III), distributed over the top section of the Waitoushan formation ( $Pt_3W_3$ ), and they are exposed on the surface in varying degrees. The ore bodies are chiefly of large and medium scale, Number I being the largest and Number IV being the next largest. Where the rock peters out then reappears, expands and contracts, or assumes non-standard pseudo-stratified characteristics or other characteristics such as lensing or branch compound characteristics, we encounter "ore-less windows." The pay rock is for the most part calcareous sericitic quartz schist (while some of the metamorphic granular rock and minette has ore, it does not occupy any important position). The ore bodies are quite clearly controlled by the location of the strata and the intruded-fracture zone between the strata, they are distributed along the strata and the producing form and the strata are basically the same.

The relationship between the Number IV ore body and the minette veins is very close; veins which come in contact with the ore body sometimes contain silver amounting to commercial quality.

### Organization and Proportions of Materials in the Ore

The ores in the ore rock total over 70 varieties; besides the profitable portion of silver, there is lead, zinc, sulphur, gold, cadmium and other co-occurring elements. In shallow parts, the silver manifests secondary enrichment. Speaking generally, the silver is fairly abundant in the middle of the thick ore bodies, while along the edges it is comparatively poor. There is a regular relationship, by and large, for the silver, lead and zinc content at each elevation. Ore bodies from different strata show a tendency toward a progressive increase of lead and zinc content from top to bottom.

### Ore Composition and Structure

The ore rocks possess idiomorphic and semi-idiomorphic structures, xenomorphic structures, solid-solution separation structures, metasomatic structures, metasomatic corroded structures and cataclastic structures. The principal structures of the primary ore rock are: contaminated, vein and reticulate vein and brecciated; next in order are: strip and chunk. The important structures of the oxidized ore rock are wasp's nest and gummy.

### Topology of the Ore Rocks

Native types: the most important forms for silver ores, metallic sulfides, ore-bearing quartz and carbonate veins are vein and reticulate vein ore rock, brecciated ore rock and contaminated ore rock; for galena, intimately connected with silver ore dressing and recovery, the degree of oxidation can be divided into oxidized ore rock, mixed ore rock and primary ore rock.

Industrial types: the most important are ore rocks of lead, zinc and silver; where the top parts of the ore bodies have been acted on by weathering and leaching, the zinc and lead have been almost totally washed out, leaving tin ore only.

#### Condition of Occurrence of the Silver and Associated Valuable Types

Silver appears principally as an independent ore. Augite-silver appears principally as scattered contamination or short-vein contamination in quartz, sericlitic mica and siderite. Native silver appears principally as contaminants in quartz or fills up cracks and hollows in the quartz. A small amount also appears as a contaminant or fine inclusion in siderite. In addition, they often appear as connected forms or as bundled forms in other ores or as metasomatic or alternating relationships with galena, amphibole-zinc, pyrite ore, yellow copper ore and other sulfides. Other silver ores appear mainly in galena and also in amphibole-zinc and pyrite ores as bundled forms, filling cracks and alternating and other forms. A small amount of deep red colored silver ore and silver nosean copper ore appears as small bundles and contaminants in spathic iron ore. Some silver appears as small particles or very fine bundles scattered in metallic sulfides, metallic oxides and gangue minerals. According to an analysis of the gravity separation of gravels, as would be done in ore dressing, the amount of silver that can be concentrated varies directly with the degree of oxidization of the ore. (See chart below.)

Type of ore	Concentration of silver (percent)	Dispersion of silver (percent)
Oxidized	55.58	44.42
Mixed	66.85	33.15
Primary	85.44	14.56

(Source: "Report on Ore Dressing Experiment," Ministry of Geology and Mineral Resources, Comprehensive Utilization Institute)

Where there are empty cavities in good-quality geodes, we see well-developed native silver crystals in crimped wire forms, thornlike forms and vinelike forms appearing in calcite, zinc, manganese and iron ores and other associated or continuation carbonates, the length of some giant crystals reaching several centimeters. Lead is present in the form of galena and zinc in the form of amphibolite zinc, in a rather coarse grain. Cadmium mainly occurs with amphibolite zinc, with which it shares the same characteristics; its concentrated amount is 98.91 percent, the rest dispersed in pyrites, galena, siderite and calcareous forms. Gold is present as native gold and silver-gold ore.

#### Contact Metamorphism of Rock nearby the Ore Zone

Along the extruded-fracture zone, the ore body and rock near the ore have been affected by ore-carrying hydrothermal solutions, resulting in contact metamorphism along a fairly narrow band. Often several types of contact

metamorphism lie together. The most important types are silicates, sericitic mica, chlorites and carbonates (siderite, galena). The strength or weakness of silicification is directly related to the ore deposition. The forms and metamorphism takes are: (1)  $\text{SiO}_2$ , which in filled cracks becomes reticulate or branched quartz veins, causing the ore or the extruded-fracture zone rock to take a brecciated or strip form; and (2)  $\text{SiO}_2$ , which permeated evenly into the metasomatic rock or the rock surrounding the ore zone and caused it to take on a hard resistant form with cleavage lost or obscured. The quartz content can reach over 80 percent. Metallic sulfides and gold and silver ores are not evenly distributed in the quartz veins or siliceous bodies. The degree of sericitic mica production and chlorite production is less than that of silicification. Carbonating usually goes on together with silicification, forming quartz-carbonate veins; native silver is found in geodes, and this is associated with later periods of mineralization.

### III. Ore-controlling Factors

The three important factors controlling the ore bed are those of strata, lithology and structure.

#### Strata

The silver, lead and zinc in the Waitoushan formation formed under specific geological circumstances are present in much higher amounts than their Clark value for crustal rock; this carrier for the origin of ore-forming qualities--the original ore strata--is the material basis for the formation of ore, one that cannot be lacking.

#### Lithology

Specific rock types--calcerous schists--have a double significance. One aspect is that the adsorptive action of calcareous materials on the primeval sedimentary rock has a beneficial effect on the concentration of the elements that make up the ores. The other aspect is that the plastic physical-mechanical nature of the rock, once formed, has the beneficial effect of shaping the hollows necessary for the formation of ores.

#### Structure

The ore-bearing strata on the anticlinal limb were affected by the grinding caused by inter-strata cutting and slipping, creating a system of pushed-up folds and fracture zones. This is a condition for the creation of the empty spaces needed for the liquid activity, enrichment and accumulation of the ore. The distribution of the ore above the empty spaces, as well as its shape, yield and even its reticulate veinous nature, brecciated structure, etc., is restricted by the conditions of the extrusive fracture zone and the considerably developed wing-like folds and other structures in it.

#### IV. Genesis of the Ore Bed

##### Composition of Lead Isotopes in the Ore

Based on measurements of four samples of galena, we see from their composition that the radioactive lead in the make-up is low:

$\text{Pb}^{206}/\text{Pb}^{204}$  = 16.54 to 16.89;  $\text{Pb}^{207}/\text{Pb}^{204}$  = 14.97 to 15.18;  $\text{Pb}^{208}/\text{Pb}^{204}$  = 37.37 to 37.86; they belong to the normal single-phase evolution type. An age of 837 million to 905 million years is given by the R.S.F. method. [1] The lead may have come from the bottom of the ancient earth's crust or from the top of the earth's mantle.

##### Composition of Sulfur Isotopes

The Delta-S<sup>34</sup> value [2], when measured in pyrite, amphibole zinc and galena ores (18 samples), ranges from -0.18 to +0.52 percent, averaging +0.155 percent, and in the surrounding rock (6 samples) it ranges from 0.0 to +0.68 percent, averaging +0.312 percent. The limit of variation is small, nearly zero, and it approaches being meteoric sulfur.

The composition of sulfur and lead isotopes is almost identical. The principal sulfides (pyrite, amphibole zinc and galena ores) all have widespread silver ore bundles in them, demonstrating that the sulfur, lead and silver share a common origin in an ore-forming material.

The metamorphic granular rock and biotite plagioclase schist in the ore-bearing strata show Sr<sup>87</sup>/Sr<sup>86</sup> in an elementary ratio of 0.7029± 0.0009, close to the ratio in the original material in the mantle. Based on a ore-unit analysis of five samples of pyrite in the ore rock, the ratio of Co/Ni is 0.93 to 6.80, averaging 2.39; the Se content is 7 to 90 ppm, averaging 41.4 ppm; the S/Se value is 6,000 to 72,000, with an average of 30,000; and no vanadium is present, but the arsenic content is high (1,700 ppm). All this demonstrates the features of volcanic-sedimentary genesis.

Minerals in wrapped bodies predominantly show liquid facies, the gas to liquid ratio is roughly 10 to 20 percent and there are individually wrapped bodies with multiple facies containing liquid facies of CO<sub>2</sub>. Crystals of NaCl and other salts have not been discovered, indicating that the salinity of the ore-forming liquid was not high. The wrapped bodies have a pH of 6.62 to 7.38.

##### Results of Temperature Measurements in the Ores

Determined by the uniform method, the quartz granules and fine veins in the surrounding rock are generally 450-300°C; the quartz in veins near ores or that have had ores deposited is 260-150°C; and the calcite in carbonate veins is 210-120°C. Measured by the burst method, the pyrite is about 200°C; amphibole zinc is 320-118°C; and galena is 365-200°C. At the time of the principal ore formation, the temperature was between 275° and 255°C, in the mid-range of temperature.

## Conclusion

To sum up what has been said, the ore-forming materials of the ore bed came primarily from the bottom of the earth's crust or the top of the mantle, and they were formed of pyroclastic materials blown from a submarine volcano and then carried to an ocean bed trench, where they combined with materials from the continental crust in a volcanic-sedimentary form to make the primary ore strata. Sealed off in their original state in this shallow ocean trench, the calcareous sedimentary materials began absorbing and collecting ore-forming elements, and through the rock-forming process the first step of the enrichment of the ore-bearing strata (or barren strata) went on, laying a substantial cornerstone for this commercial ore bed. Later, regional metamorphism increased the heat and physical-chemical process to cause the activity, movement and enrichment of the ore and to create empty spaces. The changes brought by hydrothermal action (repeated crystallization and metamorphic separation) on the primitive ore in the Caledonian to the early Haixi periods occupies a decisive position, this being the principal time for ore depositing and enrichment; there was a definite influence brought by the activation of the ore-forming elements and enrichment of the ore bed by the action of granitizing hydrothermal solutions in the Haixi and Yanshan periods; and layers of repeated hydrothermal action give the ore bed the look of hydrothermalism, while weathering and percolating action have led to the formation of an oxidized zone and a zone of secondary enrichment in the shallow parts. Generally speaking, the ore bed was produced from an early Paleozoic folded system which became a volcanic-sedimentary metamorphic hydrothermal ore bed controlled by dark-colored rock and related strata from an ocean facies volcanic-sedimentary system.

## FOOTNOTES

1. Measured by the Chinese Academy of Sciences, Guiyang Earth Sciences Chemistry Institute (1979-1980); Academy of Geological Sciences, Geomechanics Institute (1981).
2. Measured by the Chinese Academy of Sciences, Guiyang Earth Sciences Chemistry Institute (1981); Academy of Geological Sciences, Minerals Institute (1981).
3. Measured by the Second Ministry of Machine Building, Beijing Uranium Geology Research Institute (1981).

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## INDUSTRY

### SPEECH BY CHENGWANG ON CHINA'S SHIPBUILDING INDUSTRY

Shanghai ZAOCHUAN JISHU [SHIPBUILDING TECHNOLOGY] in Chinese No 1, 1984 pp 1-3

[Speech by Cheng Wang [4453 2598], chairman of the board of the Shanghai Shipping Industry Corporation and president of the Shanghai Shipbuilding Engineers Society: "Shanghai Shipbuilding Corporation Advances during Restructuring"]

[Text] Editor's note: The 1983 International Maritime Technology Conference and Exhibition was jointly held in October last year in Shanghai by the Shanghai Shipbuilding Engineers Society and the International Maritime Technology Publishing Group. Comrade Chengwan, Mr Kelude-Laoweike and Comrade He Zhigang [0149 1807 0474] were chosen to make opening speeches at the conference.

Mr Chairman:

Ladies, Gentlemen and Comrades:

The 1983 International Technology Conference and Exhibition opens today in Shanghai. First allow me on behalf of the Shanghai Shipbuilding Industry Corporation and the Shanghai Shipbuilding Engineers Society to congratulate the successful opening of the conference and to express a warm welcome to friends who have traveled far from all parts of the world. According to the arrangement of the meeting, I have the honor to introduce to everybody the circumstances of the development of the Shanghai region's shipbuilding industry.

I. The Shanghai Shipbuilding Corporation, after being approved by the PRC, was formally established on 12 August 1981. It is a leading experimental unit in the restructuring of China's economic management system. On 12 May 1982, China's shipbuilding industry took the first step toward the government's plan for existing engineering industries of carrying out the policy of combining and reorganizing according to the enterprise and established the first national industry organization--the China Shipbuilding Industry Corporation. Since its establishment, the Shanghai Shipbuilding Industry Corporation has been one of the regional companies of the China Shipbuilding Industry Corporation. It is a new joint entity which is under the unified planning of the main corporation and it includes combined scientific research, design, production and management. Up until today, the Shanghai Shipbuilding Industry Corporation has 30 member

units and more than 70,000 workers subordinate to it. Of these units, more than half are ship machinery or equipment manufacturing plants. Besides the six large and medium-size shipbuilding companies in the Shanghai area that are subordinate to this corporation, there are other members of this company, i.e., on China's eastern seaboard there is the Beihai Shipbuilding Plant at Qingdao in Shandong Province and on the lower reaches of the Chang Jiang there is the Chengxi Shipping Plant(at Jiangyan in Jiangxi Province) and the Wuhu Shipping Plant (at Wuhu in Anhui Province). This corporation also has three design institutes that are responsible for the design of all types of shipping and sea equipment and research institutes that study shipbuilding technology. There are also two special organizations: a materials supply department that manages the domestic and foreign shipping of materials and manages the complete equipment business and a maritime electric generator plant corporation.

Since the Shanghai Shipbuilding Industry Corporation has been established, it has continually received care and attention from the government. At the same time, our work has received enthusiastic support from friends in the world's shipping circles, shipbuilding circles, banking circles and shipping equipment firms.

II. In the remaining years in this century, all of China's efforts will involve realizing a Chinese socialist modernization and construction. After establishing the Shanghai Shipbuilding Industry Corporation, we have made the following efforts in production, management and enterprise transformation.

1. We Have Accelerated the "Upgrading and Replacement" of Shipping Products and Have Gradually Adopted International Standard Products for Machinery and Equipment Used on Ships

In concert with our shipping departments designing and building upgraded and new generations of ships, concerning exported ships, we have met the demands of ship owners in adopting many different forms for opening up cooperation in production technology with the relevant international companies.

Our corporation's 36,000-ton freighter is designed by Japan's Daban Shipbuilding Plant and is built by the Hudong Shipbuilding Plant. The technical design of the 12,300-ton "unmanned" container ship was made by the West German Maierform Corporation, and the Shanghai Shipping Plant sent technical personnel to participate. Afterwards, the Shanghai Shipping Plant made the design and completed construction. The 27,000-ton freighter that we designed ourselves was built by the Jiangnan Shipbuilding Plant. The Jiangnan Plant and Japan's Sanling Company signed a long-term cooperative contract for improving production management and technology. We asked them to give us beneficial technical guidance concerning how to build this type of 27,000-ton freighter.

The main results of 2 years of effort--a total of 7 categories of 27 types of ships--are all displayed at the exhibition. This demonstrates the future development in our ocean-going fleet, and we can mainly depend on our own shipbuilding industry for supplies. The quality of the design and construction of these ships has received the approval of the major international classification societies and has been welcomed by international shipping circles.

In the transportation of ocean-going ships, it must be easy to repair the ships at the major international ports and to supply spare parts. Using international mechanical equipment is extremely helpful to the owners. Starting in 1979, we consecutively purchased many licenses to produce machinery and equipment that are well known and current on ships throughout the world. Through our efforts and through the technical cooperation and guidance of the relevant firms abroad, within the next 2 years we will have manufactured the major machinery and equipment for ships. All models of main diesel engines, supplementary diesel generator engines, deck and cabin machinery, etc. have been thoroughly tested, and their performance completely complies with originally established international standards. The companies holding licenses feel satisfied, the licenses have been approved by major international classification societies. China's factories this year have taken many domestic orders for the new international long-stroke and ultra-long stroke main diesel engines such as the Sulzer Corporation's "RLB" and "RTA" and the MAN-B&W Corporation's "L-GA" and "L-MCE" models, and they are being trial-manufactured and produced.

## 2. Perfect Management, Start to Change Methods That Were Previously Unitary and Adopt Forms to Flexible Payment; Continually Develop Many Relevant Forms of Shipping Business at Home and Abroad

Domestically, with the support of financial organizations and concerned banks and companies, this corporation, in fulfilling orders for export ships, recently adopted flexible payment methods and such credit terms as extended loans and payment by installments. These methods are similar to the regulations of the Organization for Economic Cooperation and Development (OECD). In fulfilling our domestic shipping tasks, we have also adopted such methods as seller loans and repayment by installment, after they have been approved by the State Economic Commission.

In order to serve domestic ship transport better, at the beginning of the year we planned to build a ship repair center (company). We took the ship repair capability of each shipping plant subordinate to our corporation and coordinated and unified the business of repairing ships. At the same time, in order to suit the needs of the owners, we raised the level of ship repair technology and service of Shanghai harbor. In the last few years, such corporations as Sperry from the U.S., Siemens from West Germany, C. Plath, GmbH , Hatlapa, MWM and BBC have consecutively established representative repair centers in Shanghai with units subordinate to this corporation. There are also a few substitute repair centers that are being discussed.

In light of current and future trends in the international ship and shipping markets, in accordance with our government's directives for developing ship dissembling business, the Bureau of Shanghai Metallurgy Industry, Bureau of Foreign Trade, Chongming County People's Government and our corporation joined together and, with the approval of the Shanghai municipal government, formally established in March of this year the Shanghai Joint Ship-dissembling and Steel-rolling Corporation.

Developing the ocean's petroleum resources is one of our important national policies. In order to develop the oil in the South China Sea, Shanghai has established the South China Sea Petroleum Company. Shanghai will become a base for research design, production, supply and service for equipment used to develop ocean resources. The old industrial base of Shanghai possesses such advantages as strong scientific learning and fairly complete types of businesses. Under the overall planning of the Shanghai municipal government, we are organizing both the research design of making Shanghai's petroleum engineering equipment and its strengths in manufacturing. Recently, Asian, American and European engineering corporations participating in joint ventures formally established the Joint Shanghai Ocean Petroleum Engineering Corporation. It is a cooperative company of the China Shipping Industry Corporation Special Platform Company. The Shanghai Shipping Industry Cooperation is one of its main members. The China Shipping and Ocean Engineering Design and Research Institute, the Jiangnan Shipbuilding Plant, the Chengxi Ship Plant and other plants of our corporation have one after another assumed these types of responsibilities.

In addition, with the West German Habatec Container Engineering Company and Cotrain Container Company, we used the method of compensatory trade to build the container branch of the Shanghai Shipping Plant, which produces high-grade containers. Within a short time we had already built, produced and delivered a standard container. Our cooperation was successful.

### 3. Enterprise Transformations

We rationally plan and arrange the production tasks for each factory and carry out restructuring so that an enterprise can gradually achieve specialization. Clarifying the direction of development of a shipyard into an overall outfitting yard, restructuring the enterprise's organization will be an aid to organizing specialized production departments and to gradually establishing specialized branch factories. Through technological transformations we will gradually cause each shipbuilding enterprise to rationalize its technological process comprehensively. Expanding assembling and welding sites, stacking area and increasing heavy-duty transport equipment have improved the basic level of the construction of docks, berths and wharves. The Jiangnan Shipbuilding Plant combining large repair improvements in docks and berths has increased its shipbuilding capability. It has developed to the point that it possesses the ability to build 45,000 to 60,000-ton, heavy tonnage-class Panamax freighters.

As for inner yards, many plants have acquired numerical-control cutting machines and double-housing cutting machines. The Shanghai Shipping Plant acquired steelplate pretreatment machines and RS-535-A seven-roller steelplate flatteners manufactured by the Japanese Paowan Company and other steelplate pretreatment production lines. They also acquired 12 plane section production line units manufactured by Norway's Integral Transportation Production System International Corporation (ITTS Corporation).

We have already started to give attention to work in enterprise management and personnel training. We are combining tasks, sending more personnel abroad to study and inspect, broadly absorbing advanced shipping manufacturing technology

from abroad and combining the tasks of each plant with specific circumstances to realize all types of reforms in production, technology and management. Over a thousand welders have carried out systematic special training and strict assessments. In building ships, we have used fairly advanced technology such as pre-outfitted assembly and superstructure integral hoisting.

Today, all research institutes and shipbuilding enterprises are equipped with computers. They are used in ship design, manufacturing and production management.

Through our aforementioned efforts, we will be able to raise continually the level of product technology and the quality of building, reduce the period of construction and even better suit the different needs of the owners and serve world shipping. At the same time, Shanghai's shipbuilding industry circles wholeheartedly hope to continue their mutual cooperation with the international shipping industry and make a better contribution toward the strategic work of developing China's economy in energy resources and transportation.

### III. Ladies and Gentlemen:

Recently, our government also decided to build the Shanghai economic zone on the Chang Jiang delta, create an economic network for the base of Shanghai and coordinate the work of each city and province in the region. Our corporation is acting as the regional corporation for the shipbuilding industry and will assume responsibility for the organization, work and tasks for the shipbuilding industry in this region, the eastern seaboard and the lower reaches of the Chang Jiang.

Through our experience in reform in the past 2 years, our fairly intimate knowledge has been for the development of our undertaking. Besides coordinating our own efforts and our internal organization, it is also extremely important to establish many different forms and channels and superb cooperation with foreign circles. The more frequent our contacts are with the world shipping industry and scientific and technical circles, the quicker are our technical advances and the more effective is the transmittal of news regarding ships and shipping markets. Our cooperation with international friends is reciprocal and fruitful, and thus it is also successful.

In order to develop China's economy, in both the development of the shipbuilding industry and harbor and offshore engineering we must strengthen this type of mutual and multi-faceted international cooperation. We are willing to work together with any friendly enterprise or group, no matter if they are large, medium-size or small companies, just so long as they possess special knowledge. For example, last year my corporation not only made a fairly comprehensive technical cooperation agreement with a British shipbuilding company--this was important--but we also signed many types of technical cooperation agreements with numerous Japanese enterprises possessing a small level of special knowledge.

The 1983 International Maritime Technology Conference and Exhibition held jointly by the Shanghai Shipbuilding Engineering Society and the International

Maritime Tehcnical Publishing Group is a distinguished gathering for creating conditions to establish cooperation. Each person will make a contribution toward vigorously developing world shipping, promoting advances in shipbuilding technology and thus developing the world economy. This conference will have great significance.

Ladies and gentlemen, allow me cordially to welcome each one of you to gain satisfactory results in becoming acquainted through honest and dependable cooperation.

Good health to you all.

Thank you.

12437  
CSO: 4013/156

INDUSTRY

BRIEFS

LIGHT INDUSTRY PROGRESS--China has made remarkable progress in developing its light industry. The total light industrial output value in the first six months of 1984 is 11.5 percent higher than that in the corresponding period last year. The number of color television sets produced in the first 6 months of 1984 was 1.6 times and that of refrigerators 1.3 times of those in the same period of 1983. To mark the forthcoming national day anniversary, the Ministry of Light Industry has already worked out a plan to turn out 350,000 more high-quality bicycles, 10,000 more motorcycles and 80,000 more washers to cater to the needs of the people. [Summary] [OW081422 Beijing Domestic Service in Mandarin 1200 GMT 7 Jul 84 OW]

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## CONSTRUCTION

### CONSTRUCTION INDUSTRY REFORM IS INEVITABLE

Kunming YUNNAN JINGJI BAO in Chinese 9 Apr 84 p 3

[Article by Li Duo [2621 6993]: "The Reform of the Building Industry Is Inevitable"]

[Text] At present, the important function of the construction industry is getting more salient day by day. With the progress of the four modernizations, the construction industry, as a relatively independent material producer, is a matter of objective reality, and the management style of commercializing building industry products has become an inevitable trend of development.

The management style of the commercialization of building industry products is an inevitable path under China's socialist system for enlivening the construction economy, and for bringing fully into play the important function of the construction industry in the national economy. Therefore, there is need to reform the various factors that restrict the commercialization of building industry products. Naturally, this reform should be beneficial to the completion of the state's capital construction plans, to the various coordinating developments of the national economy, and to the state's accumulation of more funds, instead of being an effort to fight for power and profit from the state by enterprises and individuals. Under this premise, the reforms in the following four areas may be considered:

1. In the system of management of the building trade, the blockade situation of creating barriers between higher and lower levels and between different departments or regions should be broken, in order that construction enterprises may be managed in a relative independent way and be responsible for their own profits and losses. This will be beneficial to the carrying out of unified planning in cities and outlaying areas, to a rational layout, to division of labor and cooperation, and then advance to reform and unite in accordance with the large-scale socialized production pattern of specialization, factorization, assemblization and seriation, in order to avoid duplicate construction, and unnecessary transportation. The competent department of the trade should carry out qualification scrutiny of the construction industry, and should also establish specialized organs to carry out authoritative and social supervision over building industry products.

2. Cancel the old way of having materials follow capital investment in the system of materials supply. The departments of supplies will supply the construction enterprises by piece the materials in accordance with the accepted responsibilities, while the part of procurement in the market goes to the construction enterprises themselves. This will not only facilitate the construction enterprises in taking full responsibility for materials and in their internal auditing, but will also reduce the waste of multi-level, multi-storage, multi-shipment and the insufficient material supply difficult to make up. The practice during recent years has proved that if the construction enterprises are supplied by piece, the supply is assured. On the other hand, if the materials are supplied by the construction units themselves, there is not only delay in project completion but also over overstocking of materials.

3. Convert the current system of fee payment into a system of bearing full responsibility, and step by step carry out price bidding and negotiating in key factories and commercial dwellings. The fee payment system is the calculation method for direct, indirect and independent fee payments. Its concrete practice is that the building unit draws up a budget, to be examined by the construction unit, approved by the responsible department, and supervised by the construction bank. The procedures are not only tedious and complicated, but also bring about much argument, many signatures, much arbitration and redundant labor. Often, after the conclusion of the project the accounts are still a mess, jeopardizing both unity and the project.

A rational profit rate must be set up. At present, the legitimate profit for building industry products is 2.5 percent, lower than the 24 percent average profit rate for the other industries. This has created an irrational distribution among industries. The low profit in building industry products has affected the ability of the industry to rely on itself in carrying out production transformation and improvement or the living standard of its staff and workers. The value created by the staff and workers of the construction trade, due to unequal exchange of values, is invisibly transferred to other trades to create a false decrease in the cost of their products. During the recent years, the price of the building industry has increased from that in the 50's, due mainly to the heightening of the standard in architectural designs of dwellings, the rising price of building materials, the increase in the standard of charging fees, and ill management of the industry. Therefore, under state planning, how to utilize the law of value, and, through the policies of pricing and taxation, to speedily produce good and low-priced building industry products in order to raise the economic results of the entire economy is an important task.

4. Change from the labor structure of using regular workers as the primary force into one using regular workers as the backbone and contract workers as the main force. The construction building enterprise has the characteristics of labor intensiveness, mobility, labor individualism and extensive employment. Furthermore, in view of China's abundance of human resources, the adoption of a labor structure using regular workers as the backbone and contract workers as the main force is feasible. At present, the enterprises using regular workers as the primary force have fallen into

the predicament of low mobility and stability, high costs, and poor economic results. To change this kind of labor structure, the quality of the old enterprises and regular workers must be improved, and the relative ratio of contract workers must be expanded gradually. In management style, the flexible adoption of combined operations and individual responsibilities may be used to realize the goal of gradually changing the labor structure.

The reform in these four areas is bound to result in consolidating construction units, the employees and the equipment of the first party, which will result in economizing on construction expenses. While grasping their current work, construction enterprises should also transform the mode of construction into the mode of production as well as management, speed up the various internal and external forms of contract responsibilities, and step by step carry out reforms in internal production structure according to specialization, factorization and socialization, and vigorously create conditions for positively accelerating the transformation into the mode of commercialized management.

12739  
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## CONSTRUCTION

### RESTRUCTURING COMMODITY CIRCULATION SYSTEM

Yinchuan NINGXIA RIBAO in Chinese 14 Apr 84 p 1

[Article by our staff reporter Jing Fengtang [2529 6265 1016]: "In Order To Guarantee the Completion of Key Construction Projects, the Regional Materials Bureau Restructures the Materials Circulation System and Implements the System of Providing Complete Sets of Materials by Contract"]

[Text] Starting this year, the Bureau of the Autonomous Region has carried out the supply method of supplying supplies a single endeavor by contract to provide complete sets of the various materials needed by the five important construction projects and the one priority product in the whole region, in order to insure the smooth carrying out of important construction projects and the normal production of key products.

In the past, the materials needed by important projects were assigned supply quotas on the basis of each 10,000 yuan of investment. In this way, scrutiny and approval by various levels were necessary, involving many intermediate links and complicated procedures. In addition, the supply of the wrong kind of materials affected the progress of the projects.

During the course of improving the system of circulation of materials, the Autonomous Region's Bureau of Supplies, beginning from this year, started to supply by contract complete sets of the needed major materials, steel, lumber and cement, to the important construction projects of the Huanghe Highway Bridge in central Ningxia, the Water pumping station at Guhai, the teteron reeling plant at Yinchuan, and the sugar mill at Pingluo, plus one priority product of the Yinchuan Rubber Plant. The construction unit first makes an application to request the materials needed for the project, and then after the Planning Commission of the Autonomous Region scrutinizes and verifies it and balances distribution, the supplier and the construction unit sign a contract to ascertain the economic responsibilities. The Supplies Bureau of the Autonomous Region will then on the basis of the contract organize the various specialized companies to find the source of materials, allocate them in unison, and then jointly supply them in sets in accordance with the progress of the construction project. Of all the items stipulated in the contract, this Bureau will be responsible to the end in guaranteeing the amount to be supplied, in doing its best to satisfy the varieties needed, and in complying with the quality called for in the

design specifications, and in timely supply before the construction work begins. Rewards will be given for meeting the contract, and punishment will be meted out to delayed arrival of materials that causes suspension in work. The carrying out of this new way of supplying materials has put pressure on and has motivated the departments of supplies. At present, the source of the three main materials (steel, lumber and cement) needed by the five important construction projects and the one priority product for the first half of this year have been found, and the departments of supplies are supplying them in stages in accordance with the requirements of the contracts.

12739  
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## CONSTRUCTION

### ACCELERATED CONSTRUCTION OF PROJECTS STRESSED

Beijing RENMIN RIBAO in Chinese 22 Apr 84 p 5

[Article by Xiao Tong [5235 2717]: "Accelerate the Construction of Projects; Yield Results as Quickly as Possible"]

[Text] Accelerating the construction of projects is an important problem in China's socialist modernization and construction. To realize the magnificent goals raised by the 12th Party Congress of the CPC, on one hand we must depend on modern management and advanced technology to manage 900,000 enterprises competently and on the other hand we must depend on the large group of newly built enterprises that are capable of promoting the continued development of the national economy. Whether or not these projects are completed on time or ahead of schedule is greatly related to building a good base and realizing a "quadrupling" of productivity by the year 2000. At the same time, striving to reduce the time it takes to build residences also has great significance toward improving the living conditions of the broad masses of people.

Thirty years of experience bear out the fact that accelerating the construction of projects and reducing the period of construction, under the unified arrangement of the national plan, are related to whether there are thorough preparation, strict responsibility systems, construction sites with scientific management and strong ideological and political work. This is the reason why the 105 construction projects built during the First 5-Year Plan, the 10 large projects built in the capital during the 10th anniversary of the founding of our People's Republic and the group of industrial and civil projects built in the past few years have achieved such a high level of speed and quality. It is worth pointing out that currently there are many projects with a construction period that still is too long. Thus, we must earnestly sum up the lessons from our past experiences and strive to manage and use our limited construction funds competently and yield results as quickly as possible. This is an important task that lies ahead.

Enthusiastically completing work in the early stages is a prerequisite for accelerating the construction of projects. Preparatory work in the early stages has a decisive significance in the entire situation of construction. If we earnestly abide by the objective laws for the construction of projects, handle matters strictly according to the order of construction, perform

feasibility studies in a down-to-earth manner and complete early such preparatory work as the selection, prospecting, design and construction of plant sites, then we can ensure the smooth carrying out of construction projects. Otherwise, we will hastily start a project and stop and go, and our haste will make waste. During the entire course of construction, we cannot calculate certain links and it is necessary to adopt a few special measures and reasonable overlaps. We should not, however, consider prospecting, design and construction work to be the guide. This historical experience must be the focus of our attention. Industrial construction projects, especially key construction projects, must competently handle the related problems of work in the early stages and city planning. In work in the early stages, we must consider both the results of the construction period of the construction project itself and the entire situation and long-term overall results of the construction project. We must study both the overall design of the project and, based on all of the conditions in the cities and regions, unify the planning for the construction of base facilities in corresponding cities and cause to be there coordinated development.

There must be a strict contract system. The responsibility for undertaking and issuing contracts will be clearly planned by building units in charge of construction. This is the basis for determining the responsibility to be borne by the first and second party for each period of construction. We must advocate that contract units ensure the time limit, materials, quality and cost of a project. When this problem is solved, it will become a large impetus and guarantee for reducing the period of construction.

Support for the carrying out of comprehensive development is an effective method for accelerating construction and for reducing the period of construction. Both the transformation of old cities and the construction of new regions must undergo unified development and construction according to the needs of the plan of the city. Overcoming the phenomenon of disjointed design and planning causes simultaneous advances in overall construction and completed installations; we can plan, develop and yield results at the same time. One of China's advanced construction units, the Handan No 2 Construction Company of Hebei Province, in helping with the construction of Tangshan, took a comprehensive contract for residential areas covering all phases of work inside and outside every room, above and below ground, including residences, public facilities and ancillary installations, thus greatly speeding up the pace of construction and achieving excellent results. They first used 10 months to build a 116,700-square-meter "garden town." Afterwards, in 1 year they built the 296,500-square-meter "clear lake village." In the same manner they built residential areas approximately 100,000 square meters large in Shashi, Zhengzhou, Suzhou and other cities: construction was started and completed and the facilities were in use in the same year. Doing this sort of thing is beneficial toward carrying out unified construction according to the overall plan for the city's construction. It plans as a whole the land tax collection, opening and moving, planning, design, construction and other key links. We avoid maladies created by scattered construction of numerous departments such as each doing his own thing and one party digging and the other filling in. It is beneficial

in making rational use of the land and avoiding the phenomenon of competing sides setting up and vying for good land. We can early on both provide excellent living conditions for many thousands of residents and solve problems with the environment, afforestation and roads and we can make cities beautiful. Under the guidance of unified planning, adopting the method of inviting and entering competitive bids is also an important measure for increasing the pace of construction and reducing the period of construction. In the past few years, many areas in their construction have demonstrated great vitality in experiments with inviting and entering bids. Guangzhou, starting in the second half of last year, has already taken bids for 22 projects. The period of the contract generally is reduced 20 percent compared to the current period, the costs are 2.4 percent less than planned (lowest target) and the middle target prices are the responsible prices until the task is completed. This has simplified the procedures calculated in advance and has reduced the number of disputes over trifles. The international commerce building built in Shenzhen includes two 20-story offices and a total area of more than 50,000 square meters. This is the city's first large-size project in which it invited and accepted bids. The starting cost was 580 yuan per square meter and the construction time was 2 years. After competitive bids, the No 1 Metallurgy Construction Company won the contract; the construction costs were 398 yuan per square meter and the period of construction was 1.5 years. More than 9.1 million yuan were saved and the period of construction was reduced by half a year. Currently, Shenzhen carries out competitive bidding for approximately 90 percent of its construction. After carrying out this method, the period of construction was usually reduced by 20 percent, construction costs were reduced by 8 percent, the rate of high-quality goods was 90 percent and worker productivity more than doubled. Certainly, at the present time there are many problems in carrying out competitive bidding and we must enthusiastically create the conditions to solve them. There is one principle, however, and that is that we cannot adopt limiting policies which are negative and we cannot support backwardness.

We must pay attention to restructuring in order to speed up the pace of the construction of projects. Currently, there are many areas in which planning, the supply of goods, pricing and other management systems and methods do not correspond with socialist modernization, and they must urgently be reformed. At the present time, we must pay attention to achieving three matters. First, in the restructuring of the system for supplying goods, we must earnestly change the present situation of "1,000 companies preparing materials and 1 company performing construction." Second, we must carry out social supervision of the quality of construction, establish a system for third-party authentication and change the situation of the quality being determined by the unit in charge of construction. Third, we must broadly promote a contract system of responsibility for management, draw on the strong points of the management and administration of collective construction enterprises and reform the management method of state-run construction enterprises "all eating from the common pot." We must pay attention to formulating and perfecting a total period for construction and installation projects and earnestly achieve construction organized according to a rational time period. In the process of restructuring, we definitely must competently handle the relationship between the period of construction and quality, truly shorten the period of construction, achieve high quality, reduce investment and earnestly improve economic results.

## DOMESTIC TRADE

### CONSTRUCTION OF MARKETS IN CITIES, TOWNS DISCUSSED

Kunming YUNNAN RIBAO in Chinese 8 Apr 84 p 5

[Article by Shen Shichang [3088 1709 1603]: "Strengthen the Construction of Markets, Provide Good Market Service; Last Year Investment in Construction of Yunnan Province's Country Fair Trade Markets Exceeded 2.8 Million Yuan"]

[Text] In 1983, each area of the province generally strengthened the construction of country fair trade markets in the city and the countryside. There were also improvements in work in market service.

According to statistics, in 1983 investment in the construction of the province's country fair trade markets exceeded 2.82 million yuan (including more than 860,000 yuan in allocations). This exceeds the amount in any past year, is a 36.2 percent increase compared to 1982 and is equal to 68 percent of all investment before 1983. Last year the province constructed a total of 42 ceiling markets with a total area of more than 18,000 square meters. It built more than 10,000 square meters of sales stalls and leveled sites totaling more than 174,000 square meters. Mengzi County's industrial and commercial administrative management departments, under the leadership of the county party committees and county people's government, received great support from the relevant departments and last year built a farmers market. The investment totaled 623,000 yuan, the market's area exceeded 8,900 square meters and within the market such facilities as market offices and a service station, a restaurant, a pond and bathrooms were built. Since this market began operation on New Year's Day of this year, it has initially changed the county's country fair market's appearance of being crowded, filthy, chaotic and substandard. It has been warmly welcomed by the masses and is praised as "a great matter handled by the county government for the people."

The industrial and commercial administrative management departments of each of the province's regions at the same time as it has strengthened market management also strive to improve work in market service. Currently, they have already started more than 20 service projects, such as providing stall locations, organizing the supply of goods; seeking a market for goods; providing commodity information; introducing market quotations; setting up public scales; renting weighing devices; bamboo baskets, utensils, carts and health equipment; making change; supplying tea and boiled water;

figuring accounts; making receipts; weighing and storing goods; looking after livestock; quarantining livestock; and providing sewing materials, simple medicines and tire pumps. This has all been well received by the peasants.

12437  
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## DOMESTIC TRADE

### RESTRUCTURED SUPPLY, MARKETING COOPERATIVES REVIEWED

Shanghai CAIJING YANJIU [THE STUDY OF FINANCE AND ECONOMICS] in Chinese No 2, 25 Apr 84 pp 17-20

[Article by Li Xueguang [2621 1331 1684]: "A Preliminary Discussion of the Pace and Degree of Restructuring the System of Supply and Marketing Cooperatives"]

[Text] Theoretical circles and actual workers generally agree that the system of supply and marketing cooperatives needs to be restructured, but their views differ over the pace and degree of the restructuring. This article will try to make a preliminary probe into this issue.

The word pace mentioned above refers to the question of whether or not the restructuring of supply and marketing cooperatives should be synchronized with the entire rural economic reform to be carried out as a coordinated process. Shall we carry out the restructuring of supply and marketing cooperatives alone without considering what is going on in other fields so as to deal with changes with consistency? Or shall we adapt it to the changes and carry it out together with the rural economic reform? The word degree mentioned above refers to the question of whether peasants should be allowed to be the masters in the restructuring and to change supply and marketing cooperatives into real cooperative commercial units that are collectively owned by the masses of peasants. Shall we carry out a small-scale restructuring on the premise that the existing model of state-run enterprises remains unchanged? Or shall we restructure all related systems in accordance with the nature of cooperative enterprises collectively owned by the masses of peasants? This is a significant issue of what course to follow concerning whether supply and marketing cooperatives will adapt to the changes and continue to develop or wither gradually and lose the meaning of its independent existence in the period of new historical changes.

According to the Marxist theory of reproduction, production determines circulation, and circulation in turn affects production. The pace and degree in restructuring supply and marketing cooperatives -- a major channel of rural commodity circulation -- should be determined naturally by commodity production. Whether or not they can in turn promote the development of commodity production should thereby be used as a mark for measuring such pace and degree. Using the Marxist point of view to analyze current economic situations can help

obtain a clear understanding of internal relations between current commodity production and circulation as well as objective demands in restructuring the system of supply and marketing cooperatives.

Since the 3d Plenary Session of the 11th CPC Central Committee, China's industrial and agricultural production has developed continuously and the situation is getting better and better. Specifically, they are as follows:

1. The pace in the development of the national economy has been quickened. Bumper harvests have been reaped in consecutive years. Industry has achieved sustained growth. According to initial statistics, China's total industrial and agricultural output value in 1983 was more than 890 billion yuan. This figure indicates that the target set for 1985 in the "Sixth 5-Year Plan" has been fulfilled 2 years ahead of schedule. In the past 3 years since 1981, the average annual increase rate of total industrial and agricultural output value was 7.3 percent, surpassing the increase rate specified in the "Sixth 5-Year Plan." In 1983 China's total grain output reached 760 billion jin, an increase of over 50 billion jin over 1982. This was the second year in which an increase of over 50 billion jin was registered since liberation. In 1983 total cotton output reached 90 million dan, an increase of 18 million dan or 25 percent, over 1982. This was an unprecedented bumper harvest.

2. China's agriculture is now being transferred from self-supporting and semi-self-supporting production to commodity production and from traditional farming to modernized farming. Judged from the country as a whole, the commodity rate of farm products (including exchanges among peasants) was less than 50 percent in 1978 and was expected to be 55 percent less in 1983. The gross value of social purchases of farm and sideline products in 1983 showed an increase of 15.9 percent over 1982. Judged from the suburban areas of Shanghai, the commodity rate of farm products reached 69 percent. Except for grain, whose commodity rate was 20 percent (40 percent if fodder purchased by collective units is included), and rapeseed, whose commodity rate was 70 percent, the commodity rate of all products, including cotton, vegetables, fresh-water fish, rabbit fur, pearls, mushrooms, black mushrooms, garlic and milk, ranged from 75 to 95 percent.

3. The income of the people in urban and rural areas has increased, their purchasing power has increased and the supply and demand pattern of consumption has changed. Since 1978 the national per-capita income of peasants has surpassed 300 yuan. In 1983 the per-capita income of peasants in suburban Shanghai reached 451 yuan, a two-fold increase over 1978. Many communes, brigades and commune members' families basically reached the level of a comparative well-off life, substantially increased their savings deposits and had a considerable amount of potential purchasing power. In 1983 the total amount of various savings deposits in China's rural areas increased 19.4 percent over the previous year. Savings deposits of suburban Shanghai showed an increase of 8.03 percent over 1982 and an increase of more than four-fold over 1978. At the same time, peasants also had a considerable amount of disposable income. In 1983 the gross value of retail commodity sales in rural China registered the highest record in history, showing an increase of 12.4 percent over 1982 and an increase of 1.1-fold over 1978. The increased

gross value of retail commodity sales in the rural areas over the past 5 years was 19.4 billion yuan higher than the sum of all increases made in the previous 26 years. The peasants' consumption patterns and the direction in which their purchasing power is used have both changed. They used to ask for "food to make them full" and "clothes to keep them warm." Now they ask for "fine food to eat" and "fine clothes to wear." They are seeking "spacious housing, nutritious diets, appealing clothing and high-grade consumer goods." For example, beer, light sparkling wine, cream cakes, complete sets of furniture, television sets, washing machines and refrigerators which the peasants in suburban Shanghai hardly touched before have also become commodities available for selective purchases.

4. Multiple circulation channels have appeared, and the exclusive business operations of supply and marketing cooperatives are changing. Many circulation channels have sprung up like mushrooms. For example, there are integrated enterprises run by agricultural, industrial and commercial units, agricultural companies, sideline production companies, sales departments of commune- and brigade-run industries, trading stations, commission agents, specialized commercial households, individual businessmen and peddlers, businesses jointly run by agricultural and commercial units and businesses jointly run by fruit producers and commercial units. There are no fewer than 20 kinds of circulation channels including state-run commercial units and supply and marketing cooperatives. Judged by the retail sales of social commodities, the state-run commercial units account for 22.8 percent, supply and marketing cooperatives account for 55.6 percent, conventional collective commercial units account for 15.5 percent, commune- and brigade-run commercial units account for 4 percent, individual commercial units account for 0.2 percent and country fairs account for 1.9 percent.

The above situation and trend of development in commodity production set forth the following demands on commodity circulation departments: A demand for the timely procurement of products as well as timely supply of the means of production; a demand for fixed bases for state-assigned procurement tasks as well as authorities to handle above-quota products; a demand for smooth vertical circulation channels between urban and rural areas, between industrial and agricultural sectors and between wholesale and retail departments as well as smooth horizontal circulation channels between different regions, between different provinces, between producers and consumers, between different peasants and between commodity producers; a demand for regulation by state plans and stabilized prices as well as market regulation, flexible business operations and floating prices; and a demand for supply and marketing services as well as information, technological, transportation, processing and capital construction services.

As a major circulation channel of rural commerce, can supply and marketing cooperatives adapt to this situation and take up this glorious historic mission?

First, we should affirm this: Over the years, with a great sense of responsibility and devotion to work, the broad masses of cadres, staff members and workers of supply and marketing cooperatives fighting on the front of commodity circulation have made great efforts under the new situation, provided

industrious labor and made great contributions to the state and peasants. By the end of 1983, 88 percent of the 35,000 grassroots supply and marketing cooperatives in China had sorted out shares and reelected leading organs, and about 1,000 out of the 2,100 counties in China had established county-integrated supply and marketing cooperatives. By August 1983, the 203 grassroots supply and marketing cooperatives in suburban Shanghai had finished sorting out and increasing shares and convened representatives' meetings to elect new boards of directors and supervisors; the Chongming County Supply and Marketing had established county-integrated supply and marketing cooperatives and had taken the first step in restructuring. On this basis, some units have continued to emancipate minds, invigorate business operations, increase services and develop integrated operations, creating many good experiences. In essence, supply and marketing cooperatives have a strong lineup and the ability to take on the historic mission.

However, as far as the situation as a whole is concerned, the current situation in supply and marketing cooperatives still lags behind the objective situation in the rapid development of commodity production. Many acute contradictions have sprung up. Their main expressions are: The people's minds are not emancipated, the system is unsuitable and work is backward. The people's minds are not emancipated mainly because the thinking "of exclusive operations" has been formed over many years. For example, some people think it is natural for farmers to till the land and shopkeepers to keep shops. They think it is right and proper for them to sell goods when peasants want to buy them and procure goods when peasants come to sell them. They do not have a clear understanding of the situation in the rapid development of production and thus consider communes and brigades engaging in trade and peasants participating in commodity circulation to be ignoring their proper duties. Another way of thinking is to proceed only from trade and to separate trade from service. This system is unusitable mainly because our original commodity circulation system was established basically on the basis of very primitive commodity production and many of our methods stemmed from one word -- "scarcity." Moreover, in the early 1960's, supply and marketing cooperatives gradually changed from collective ownership to ownership by the whole people. In light of this, the management system also had a series of changes. This system conforms to the people's commune system which is characterized by "large in size and collective in nature" and "the three-level transition of ownership." Now that we have entered a new historical period of the four modernizations, the contradiction of unsuitable system is becoming more and more prominent and has developed to such an extent that the system must be restructured. Work is backward mainly because the work of adapting to the situation and carrying out the restructuring is lagging behind, including the unsuitable business work style and service attitude.

In the previous days, we conducted some investigations and research on the issue of how to adapt supply and marketing cooperatives to the demand of new situations. We discovered that although suburban Shanghai's supply and marketing cooperatives have certain characteristics, in basic respects they are like the others in the country. Therefore, they should not stop after "changing signboards" and "electing bodies" -- the basics in the first step of the restructuring as they did in the past. They should carry out in-depth restructuring in accordance with the demand of Document No 1 of the central

government, bring about four changes through the restructuring, synchronize the restructuring of supply and marketing cooperatives with the entire rural economic reform and carry them out as a coordinated process.

1. Combine trade and service and change simple buying and selling activities into comprehensive services.

To promote commodity production, invigorate urban and rural economies and satisfy peasants' daily needs, supply and marketing cooperatives cannot, of course, be separated from buying and selling commodities; otherwise, they would not be called commercial units. Because of this, they must conscientiously do a good job in buying and selling commodities, improve buying and selling methods and make it convenient for peasants to buy and sell. During the busy farming season, they may use itinerant peddlers, delivery trucks and service boats to deliver goods to peasants to save their traveling time. They should try to procure as many farm and sideline products as possible through itinerant peddlers sent to rural areas to help make selling convenient for peasants. However, they should notice at the same time that simple buying and activities are very insufficient. They need to combine buying and selling with service and blaze new roads. They should proceed from serving cities and making peasants prosperous in light of Shanghai's characteristics, revitalize commodity circulation and do a good job in comprehensive services.

First, promote developmental and productive operations. Doing a good job in comprehensive services does not mean that supply and marketing cooperatives should monopolize all service trades in rural areas and return to the road of exclusive operations. Service styles should vary. They can render direct services or indirect services or the combination of the two. Even in direct services, they still can cooperate with the departments concerned in rendering joint services to the peasants. Shanghai is a big city. It has a great demand for farm and sideline products. Therefore, there is potential in developing more service trades in its suburban areas. It is necessary to expand the service scope and promote developmental and productive operations. Fan Zhongyan [5400 0112 3238] in the Song Dynasty once wrote a poem called "Fishermen in the South of the Changjiang." It says: "Travelers on the river particularly love the taste of perch. You see, there is a little boat coming and going so quickly on the stormy river." Perch are famous products in the south of the lower reaches of the Changjiang. Songjiang's four-grill perch are the most valuable. It is a pity that there are not many left. Perch remind me of many suburban products such as Sanlin lakeside melons, Longhua peaches and Chongming narcissus. Can we restore some of these products and import and develop new products to make a new development in diversified economy? I believe we can as long as we have the spirit of "coming and going so quickly on the stormy river." The municipal supply and marketing cooperative is preparing to establish diversification service companies to cooperate with all counties in rendering services to the development of a diversified economy with regard to supply and marketing, technology, information, storage, transport and processing. At the same time, it is creating conditions for the building of commodity bases to carry out extra budgetary commodity production. When establishing service and suburban tourist businesses in relation to the hotel and service buildings constructed by the ministry, supply and marketing

cooperatives can use their own funds, join funds with communes and brigades or introduce peasants to become shareholders. Productive operations should be focused on developing the suburban food industry. Counties and communes can increase the variety and design of products and improve product quality on the existing basis, bring along the development of small commune- or town-run food factories and revive the local and traditional characteristics of suburban counties. At the same time, they can develop and trial-produce new varieties and satisfy the needs of suburban areas for pastries, cold drinks, soy sauce and wine.

Second, initiate information services. Some foreigners put information on a par with the four major natural resources -- manpower, equipment, raw materials and funds -- and refer to it as another important "natural resource." In the agricultural, sideline and industrial production of Shanghai's suburban countries, there have been many instances in which poor information leads to blind production and thereby causes losses. Therefore, it is necessary to reflect market information on a timely basis to guide production as well as consumption. The municipal supply and marketing cooperative has begun to organize a special work group or a compilation group to compile market information reference materials and at the same time publish a market information newspaper on a trial basis. It also strives to cooperate with the departments concerned in gradually forming a crisscross information network to serve the commodity production in rural areas.

Third, strengthen technological services. Supply and marketing cooperatives used to have funds for supporting production. In recent years, some grassroots supply and marketing cooperatives did not use them properly. From now on efforts should be made to adhere to this system and guarantee that funds be used to support production. Along with production development, efforts should also be made to make investment in scientific and technological experiments and transfer science and technology into actual productive forces to accelerate the rapid development of agricultural, sideline and industrial production.

## 2. Integrate efforts to seek economic results with efforts to promote commodity production and change the pure pursuit of profits into the comprehensive improvement of economic and social efficiency.

To vitalize commodity circulation, it is necessary to quicken the development of the whole socialist economy and achieve good economic results in both the macroeconomy and the microeconomy. Under the condition of a socialist planned economy, the macroeconomy guides the microeconomy and the microeconomy submits to the macroeconomy. Microeconomic results are a foundation and means for realizing macroeconomic results. In the past few years, fairly good economic results have been achieved by vitalizing the macroeconomy through vitalizing the microeconomy. However, we should also notice that some business units are still not good at organizing commodity circulation in accordance with the demands of the macroeconomy, nor do they consider organizing commodity circulation in terms of the interests of the macroeconomy. They overemphasize the interests of enterprises and staff and workers and onesidedly pursue profit targets, thereby impairing the overall interests of the national economy. Outstanding issues in this regard are "three ignores and three emphasizes":

1) Ignore procurement and emphasize sales, because procurement of farm and sideline products yields very little profit and involves risks and hard work while selling and buying manufactured goods can guarantee profits; 2) ignore the means of production and emphasize the means of subsistence, because compared with the high requirements and low profits from the supply of the means of production, supplying the means of subsistence is much simpler and much more lucrative; and 3) ignore minor commodities and emphasize major commodities. This problem exists in both urban and suburban areas and is quite common. Take the fruit business, for example. Because business units often emphasize major fruits and are reluctant to carry minor fruits, it is very difficult to buy sugar cane, aged water caltrops and water chestnuts in urban areas. With regard to manufactured goods for daily use, most business units mainly carry commodities covered by the state plan such as the "three old products" and the "three new products." Very few carry odds and ends. The objective of socialist production is to satisfy to the largest extent the people's material and cultural needs. In organizing commodity circulation, we should also proceed from the objective of socialist production and conscientiously fulfill our responsibility to the state and the people. After changing the pure pursuit of profits to a comprehensive improvement of economic results, we can create economic results by accelerating the development of commodity production, expanding purchases and sales, improving the quality of enterprises, reducing the number of links in commodity circulation and so on. There are many other ways to do this. At the same time, we should also persist in paying equal attention to business and service, build support contingents for agricultural and sideline production, develop information services, introduce repair services and make greater contributions to accelerating commodity production and making things convenient for the peasants' lives.

3. Have the main channel and supplementary channels share the work and cooperate with each other and change exclusive operations into joint operations and cooperation.

In the past few years, diversified economic sectors and multiple circulation channels have gradually taken shape in suburban areas. This has made production closer to the market and wholesale sales closer to retail sales and has further expanded marketing channels. This is a very good sign. Some comrades say that communes and brigades engaging in trade would affect the profits of supply and marketing cooperatives. In fact, this is not true. Rural areas have great potential purchasing power. As long as their work is well done, supply and marketing cooperatives can increase their profits as usual. Many communes and brigades in Songjiang County engage in trade. But in 1983, the grassroots supply and marketing cooperatives in this county increased their profits by 14.5 percent compared with 1982. Malu Commune in Jiading County established a trading company jointly run by agricultural, industrial and commercial units. Although the business of this company grew very fast, in 1983 the Malu Supply and Marketing Cooperative readjusted its leading body and thereby made a profit of 450,000 yuan, an increase of 28.96 percent over 1982, the largest among all grassroots supply and marketing cooperatives in Jiading County. From this we can tell that having the main channel and supplementary channels share the work and cooperate can help promote the

development of commodity production. Therefore, supply and marketing cooperatives should:

First, support and help develop multiple channels. With regard to communes, brigades, educated youth, individual peddlars and individual households who want to start businesses, supply and marketing cooperatives should guide them in business operations and give them support concerning the sources of goods. Regarding already established organizations and forms such as the sales departments of commune- and brigade-run industries, county- and commune-run agricultural, sideline and industrial companies and cooperative marketing by specialized households, supply and marketing cooperatives should pay attention to the coordination and the division of work among them. Through hard work, they should gradually form main channels, supplementary channels and integrated multiple channels. They should create a socialist commodity circulation channel with Chinese and Shanghai characteristics. They should ensure the smooth flow of farm and sideline products to urban areas and the smooth flow of manufactured goods to rural areas to serve both cities and peasants.

Second, establish and develop extensive joint management among different forms, levels and economic sectors. Since last year, suburban grassroots supply and marketing cooperatives have set a number of good examples. This year they can carry out joint management in procurement, marketing and processing. They can also carry out joint management in transport and storage. Still more, they should develop productive joint management; carry out joint management among units owned by the whole people, collectives, communes, brigades, specialized households, key households and different regions; gradually establish a joint management network; render better service for peasants and their livelihoods; and advance toward the center of comprehensive services.

Third, actively support and participate in economic activities concerning the joint management of agricultural, industrial and commercial units. Through their purchasing and marketing work, supply and marketing cooperatives should take up the task of the commercial link in the joint management of agricultural, industrial and commercial units. If counties and communes want to establish joint agriculture-industry-commerce management to make production, procurement, processing and marketing a "coordinated process," supply and marketing cooperatives must gladly participate and wholeheartedly serve it so as to accelerate the development. Integrated agriculture-industry-commerce enterprises already established in Jiading and Shanghai counties and the Luhua Company in Chongming County can all rely on supply and marketing cooperatives to make greater success.

#### 4. Restore the nature of collective ownership and change the model of state-run commerce into cooperative commerce.

To become real cooperative commercial units collectively owned by the masses of peasants, carry out independent accounting and assume sole responsibility for their own profits and losses, supply and marketing cooperatives must

change the model of state-run commerce and restructure a series of management systems. The most fundamental is to make peasants the masters. Cadres of grassroots supply and marketing cooperatives should be genuinely elected by peasants. Peasants should also have the right of recall. Supply and marketing cooperatives should also free themselves from issues concerning recruitment, the utilization of funds, procedures for approving the joint management with communes and brigades, the distribution of wages and capital construction. Or they can adopt some flexible measures to attain the purpose of "untying" themselves. With regard to the recruitment issue, the State Council has stipulated that they can recruit contract workers in rural areas. This is an important reform suited to the characteristics of supply and marketing cooperatives. In 1984 we will give public notice of recruitment and hire the outstanding applicants through examination. After restoring the collective ownership system, supply and marketing cooperatives should also change the previous management systems of state-run enterprises to become cooperative commercial units in reality as well as in name.

Efforts should be made to simplify the procedures for approving the establishment of joint management between supply and marketing cooperatives and communes, brigades, collective or specialized households. Only by taking off the "strait jackets" can supply and marketing cooperatives change from "phoney collectives" to "real collectives," eliminate defects and regain their vitality. Restrictions on peasants becoming shareholders should also be properly relaxed. Peasants' shares may be allowed to account for 10 to 20 or even 30 to 40 percent of the circulating funds of supply and marketing cooperatives. This would make peasants become more concerned about supply and marketing cooperatives and would make these cooperatives more attractive to peasants.

In sum, the pace and degree of the restructuring of supply and marketing cooperatives constitute the focus of our work in unclogging rural circulation channels and accelerating commodity production. It is not a simple issue of vitalizing business. Its political significance is closely related to the general subject of carrying out socialist modernization with Chinese characteristics. It is an important component of the exploration of socialism with Chinese characteristics.

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## SPECIAL ECONOMIC ZONES

### PROSPECTS FOR XIAMEN SPECIAL ECONOMIC ZONE VIEWED

HK061318 Beijing LIAOWANG in Chinese No 24, 11 Jun 84 pp 14-15

[Article by Xu Yiming [6079 0001 7686] and Shi Zengyao [2457 1513 1031]: "The Strategic Significance of Turning the Whole Island of Xiamen Into a Special Economic Zone"]

[Text] Xiamen is also called by the beautiful name of the Island of Egrets. Today, with the Xiamen Special Economic Zone [SEZ] expanding to cover the whole island, the Island of Egrets is really ready to take off.

In October 1980, the State Council approved the establishment of the Xiamen SEZ in a settlement of 2.5 square kilometers in the lakeland area in the northeast of the island of Xiamen. Today the construction pace has been stepped up of some of the infrastructural installations and a large area of surface buildings inside the area, as well as of projects to form a group to render service to the SEZ from outside the lakeland area. Some of them have been completed and handed over for utilization. All this has provided an investment environment in the lakeland industrial district. However, the region of 2.5 square kilometers has too many limitations after all, and it will be very difficult to bring into full play the advantages of the whole island of Xiamen, and thus will fail in its role as an SEZ. Recently the CPC Central Committee and the State Council have decided to expand the Xiamen SEZ to cover the whole island. This decision of strategic significance is a fine thing that meets the need of the situation and will enable a good situation of vigorous development for the whole island of Xiamen.

### The Advantages of the Harbor Will Be Brought Into Full Play

Xiamen was originally an island that stood amidst the ocean waves of the Dong Hai until 1950 when the Jimei Dyke was built to link it with the mainland. It has all along been an important port on the southeastern coast of our country. Description of the prosperous scene on the island back in the Qing Dynasty can be found in the poems: "Xiamen provides shelter for travelers from all five continents; its gate keeps watch at the sea stretching ten thousand li away"; and "Close to the city rises the chimney smoke of a thousand households amidst the rain; along the bank stand rows of masts, and all varieties of goods are available." In 1981, the annual amount of cargo handled by the port of Xiamen reached 2.03 million tons. There are currently trade relations with over 80 countries and regions in the world.

Xiamen is one of the rare, excellent natural ports of our country. Here several islands form a circle; the harbour is broad and the water deep; there is little silt, which it is never frozen; the conditions for sheltering ships are excellent; its deep water coast stretches 40 kilometers; and the main course leading to the port is over 12 meters in depth. Entering the port, 10,000-ton ships are not effected by the tide. Xiamen is also the center for the north-south sea transportation of the country as it is 560 nautical miles from Shanghai, 287 nautical miles from Hong Kong, and 156 nautical miles from Gaoxiong, Taiwan, and it possesses excellent conditions for building a modernized international harbor.

However, a few years ago, people concentrated their chief efforts on the lakeland industrial district, while the port was regarded as a project to form a side concern of the industrial district. Although the cargo handled at the Dong Du dock amounts to 4 million tons, it would be rather difficult to make further development. In order to build Xiamen into a socialist international harbor city, it is necessary to step up the pace of building the port in the near future. The city has initially decided to build 23 deep water berths with an annual handling capacity of 13 to 20 million tons of cargo. An ocean-going freighter fleet will also be built, and ocean-going passenger lines open, integrating long distance transportation with short-distance. With the completion of the Xiamen international airport and the further completion and perfection of its telecommunication installation, the Xiamen port will possibly become an international trade center.

#### Conditions Are Provided for the Development of the Whole Island

On the walls of Xiamen Mayor Zhou Erqun's office hand many maps of plans. Apart from the plans for the lakeland industrial district, we can also see those for the new Yundang urban district, the new Jiangtou-Lianban industrial district, and the tourist district in Gulangyu, and straight roads and rows of buildings appear on the maps. Zhou Erqun said that in the 2.5 square kilometers of the original SEZ, only about 200 factories could be contained, while many other construction projects and installations would have to be arranged outside of the SEZ. As these projects could not enjoy the treatment of the SEZ, their investments would be large and their economic results rather poor; therefore, it would not be easy to form a good investment environment. Now that it has been decided to expand the sphere of the SEZ to cover the whole island, the area has expanded to 131 square kilometers (including Gulangyu), which is 54 times the original area. From now on the SEZ will be built into a comprehensive SEZ consisting of industry, enterport trade, transportation, tourist industries, banking, real estate, and so on.

Our attention was drawn to the plans for the new Yungang urban district. The new urban district covers an area of 15 square kilometers, which will be built into the banking and trade center of the SEZ. A large number of skyscrapers, including the international banking building, the international trade building, the commercial building, office buildings, luxurious apartment houses, villas and hotels will be under construction here. By the end of the year, over 10 skyscrapers will undergo construction. In addition, a large number of factories,

enterprises, schools, and residential buildings will be built. The new Jiangtou-Lianban industrial district will be still larger in scope, and will cover an area of over 20 square kilometers. It will be built into an industrial district of intensive technology and knowledge with the electronics industry as the core.

The transformation of the old enterprises of Xiamen is the main focal point for the economic development of the SEZ. Among the 767 industrial enterprises existing in Xiamen, 588 of them on the island have a number of able scientists, technicians, and technical workers, who have the ability to digest new technologies. In addition to the various preferential policies provided by the SEZ, they can absorb the advanced technologies and equipment abroad quickly. Recently the city government announced that the first batch of 15 factories can directly negotiate and sign contracts with foreign businessmen. By 1987 the advanced technologies and equipment imported from foreign countries will enable half of the old enterprises to go through complete or partial technological transformation.

#### Resources for Tourist Industries Can Be Better Developed

Xiamen Island has all along won a reputation as a "Garden on the Odhea," and its resources for tourist industries are extremely abundant. The island is surrounded by islets, borders the blue sea and has sandy beaches, and the scenery is beautiful. As it is situated in the subtropical zone, "it is not severely cold in winter, and not unbearably hot in summer." The grass and trees are green all through the year, with flowers blooming throughout the four seasons. Decorating the clean and tidy urban areas of the island are all varieties of tropical and subtropical flowers and fruit, such as Longan, banana, and palms. Row upon row of houses, the numerous masts that stand close to the docks, the fascinating beaches for swimming, and the quiet and secluded summer resorts form a strange and enchantingly beautiful scene of the southern [word indistinct] Gulangyu, the "pearl on the sea," with its Nan Putuo, an ancient temple built 10 centuries ago, and Wanshiyan, where many scenic spots combine, and so on are ideal places for touring.

The rich tourist resources of Xiamen Island have long attracted people's attention. Since the establishment of the Xiamen SEZ, many foreign entrepreneurs have come here to discuss business about investments in developing the tourist resources here. According to the statistics of the Xiamen construction and development corporation, since 1980 foreign entrepreneurs who have come to discuss business about investments in tourist buildings account for 32 percent of the total number of entrepreneurs who have come to discuss business. However, because of the restrictions of various factors, few business contracts have been signed. But since this year, things have greatly changed; 11 contracts have been signed, centering around major projects of international tourist industries, among which are the Hulishan Hotel, the Golden Bridge Hotel, Hotel on the Sea, the shipping center, the Guanhaiyuan tourist village, the civil aviation building, and so on, with a total investment of over 130 million dollars.

Gulangyu, the "garden on the sea" is Xiamen's "garden of gardens." It is also called the "island of music." At present, the Xiamen SEZ is planning to develop Gulangyu as a key tourist district. Some factories, enterprises, and sanatoriums of government organs are moving out of the island, while the Guanhaikou tourist

village and docks for tourists are under active construction, foretelling that Xiamen's tourist industries will develop at a faster pace.

#### Further Bring Into Play the Role of 'Model of Display'

While making investigation and study in the Xiamen SEZ, Premier Zhao proposed that the SEZ should be run as the "window on technology, the window on knowledge, the window on administration, and the window on foreign policies" of our country, so as to promote the economic development of southeastern coast of our country. The expansion of the sphere of the Xiamen SEZ has provided a reliable guarantee for the rapid realization of this goal.

The SEZ and its neighboring areas should depend on and coordinate with each other in their development. Regarding its geographical position, Xiamen is situated in the central zone of the southeastern coast of our country, and is an important link that joins the Chang Jiang delta area with Shanghai as its center, and the Zhu Jiang delta area with Guangzhou as its center. Therefore, the development of the Xiamen SEZ will exert great influence on the economic development of its neighboring areas.

In view of this, the Xiamen SEZ has set up the office of enterprises of internal coordination in March. A number of joint ventures or cooperative projects have now been set up with a number of enterprises under the jurisdiction of four ministries, including the Ministry of Electronics Industry and the Ministry of Communications, and with enterprises in Beijing, Shanghai, Jiangsu, Sichuan, Guizhou, Zhejiang, Liaoning, Shandong and other provinces, and those of Fujian Province itself. Through such coordination, the various ministries and regions of the country will help in the development of the Xiamen SEZ with ample resources for production and technological forces, while they will in turn utilize the window of Xiamen to observe international economic trends and to absorb foreign advanced technology and management experience. At the same time, it will open a channel for the sale of products of the SEZ in the inland and will be helpful for linking import with internal coordination. Moreover, we should see that with the expansion of the sphere of the Xiamen SEZ, the demand for means of production and means of subsistence from neighboring areas will grow by a large margin; hence, a new market will emerge for industrial and agricultural production for the neighboring areas.

As a port for foreign trade, the Xiamen SEZ will fully bring into play the advantages of its position of "sitting against a mountain while facing the sea, leaving one side wide open." Fujian, Jiangxi, and Hunan are jointly planning to build electrical railways between Xiamen and South Jiangxi and south Hunan, so as to link Guangdong, Fujian, Jiangxi, Hunan, Zhejiang, Jiangsu, and Shanghai, enabling the seven provinces and one city to bring into play their function of extending to the inland on the one hand and reaching the world on the other, thus enabling the coastal area of the southeastern part of the country to get into the international market as quickly as possible.

From a short-term view, the Xiamen SEZ will play a still greater role in promoting the economic development of the "golden delta" of southern Fujian. In mid-May an agreement was signed between Xiamen and the two prefectures of Jinliang and Longqi on setting up "general corporations for the economic and trade development of the valleys of the three major rivers." The establishment of these corporations indicates the beginning of the development of the coastal cities along Fujian and Guangdong and the "golden delta."

#### Tremendous Attraction

All signs indicate that expanding the whole island of Xiamen as a SEZ has aroused tremendous interest in foreign entrepreneurs, overseas Chinese traders, and the compatriots of Hong Kong and Macao. "With the sphere of the Xiamen SEZ expanding to cover the whole island, we investors are all the more at ease." "This beginning of Xiamen's going to the world is an extremely good thing." This has been the most discussed subject among traveling traders in Xiamen. Some of them are ready to ask important people to come and talk over cooperation projects, while others have promptly accepted the invitation to the posts of senior advisors. Now the number of foreign entrepreneurs who are coming to discuss business in the Xiamen SEZ has been increasing with each passing day. They are arriving one after another, and there have appeared a great number of large financial groups, a great number of investors, a great number of contracts signed, and a great number of projects of advanced technologies. According to the materials provided by the Xiamen SEZ economic development corporation, in the 50 days between 20 March and mid-May alone, traveling traders and specialists of 75 units from 11 countries and regions, such as the United States, Japan, Great Britain, Italy, Singapore, the Philippines, and Hong Kong came to Xiamen 160 times to negotiate investments and to make investigations. In the first quarter of this year, 31 contracts were signed between the city and traveling traders, and the total amount of investment planned was tantamount to 80 percent of the total amount of investment in the preceding 3 years. The major projects include 18 factories of the electronics industry dealing with large-scale integrated circuits, computerized telephones, and colored video recorders. Some new technologies projects such as supplementary materials for electronic computers, solar energy cell, and satellite [word indistinct] are under negotiation, and some contracts have already been signed.

Among the investors, the international banking circles have drawn the attention of people, who are rather active in Xiamen. The Hong Kong and Shanghai Banking Corporation, the Chiyu Banking Corporation Limited, the American Jian Cheng [1696 2052] Banking Corporation have rapidly set up their agents in Xiamen. The British Chartered Bank has also sent its people to Xiamen, hoping to set up a branch there. The Industrial Bank of Japan (Tokyo), one of the largest banks in Japan, is organizing a large delegation to visit Xiamen. At present the Xiamen SEZ has already formed the SEZ United Development Corporation with the Bank of China, and five other Hong Kong and Macao banks of Chinese capital, which will provide capital funds for the development of the whole island. Thus, the development of the Xiamen SEZ is ensured of a more solid economic foundation.

Looking into the future of the Xiamen SEZ, there are bright prospects. It is believed that it will not take very long for a SEZ that is prosperous in economy, advanced in science and technology, developed in culture, and civilized in social life to emerge on the coast of the Dong Hai of our motherland.

## LABOR AND WAGES

### SEVERAL ISSUES ON FLOATING WAGES REVIEWED

Shanghai CAIJING YANJIU [THE STUDY OF FINANCE AND ECONOMICS] No 2, 25 Apr 84 pp 41-45

[Article by Ge Shouchang [5514 1108 2490]: "Several Issues on Floating Wages"]

[Text] Floating wages are a form of wages in which the wage incomes of laborers float along with the labor results of individuals and the economic results of enterprises. Adopting floating wages should be the way to restructure China's wage systems. This article will discuss some of my humble opinions on several issues concerning floating wages.

#### I.

Adopting floating wages is a way to refute and overcome the major defects of current wage systems.

What are the defects of China's current wage systems? Some comrades summarize them in four words: low (low wage level), equal (egalitarianism), confused (confused standards) and stifling (stifling overcentralization). Some comrades think the major defect is "equal"; others think it should be considered "stifling." I think they are related -- with the former an expression and the latter a cause. However, these summaries have pointed out the defects of wage systems only in their appearance, not in their essence.

In my opinion, the most important defects of current wage systems can be summarized in two words: "fixed" and "separated." The word "fixed" indicates that wage scales, wage standards and the total wage bill are fixed. They cannot change along with the changes of the laborers' actual labor input and results, nor can they change along with changes of enterprises' economic results. China's major current wage system is a wage system based on time and scales. This wage system uses potential labor as the major standard for measuring "labor" which is combined with labor time to be used as a basis for distribution according to work. Since potential labor (education record, experience, professional level and working capacity) is relatively stable during a certain period, the wage system determined on its basis also has the characteristic of relative

fixity. Moreover, since wage standards remained unchanged and promotion was abnormal for a fairly long period of time in the past, this characteristic has become more prominent. After wage scales are fixed by the standard of potential labor, laborers can receive their fixed, standard wage payment as long as they work for a certain period of time (such as 1 month), even if their work performance is poor and their results are disappointing. Those who have done a good job still only receive their original standard wage payment. When staff and workers are assigned different work and duties, their wages remain unchanged. Once the state decides on the total wage bill of enterprises, it also remains unchanged. The word "separated" indicates that wages are separated from individuals' labor results. No matter how much labor laborers contribute and no matter how good or bad their results are, their "yields are ensured despite drought or excessive rain." This is the same as enterprises inviting staff and workers to "eat out of the same big pot." When separated from individuals' labor results, wages cannot encourage and spur laborers to work enthusiastically to provide more labor results for society. The word "separated" also indicates that the total wage payment made by the state to enterprises is separated from the economic results of enterprises. The total wage bill of enterprises is determined by the state in light of the situation in total industrial and agricultural output value and national income, by the unified wage standards and on the basis of the number and wage scales of the enterprises' staff members and workers. It is distributed by the state directly according to the potential labor of staff and workers without considering the differences in regions, departments and enterprises or the differences in managerial situations and the results of enterprises. Even in enterprises where economic results are very poor, staff members and workers still get paid according to prescribed wage standards and get promoted as usual. This is an important cause of the enterprises' poor management and economic results. The enterprises' economic results are the foundation of social economic results. When the enterprises' economic results are poor, social economic results cannot be good. For this reason, there is no organic internal relationship between the wage funds allocated by the state and taxes and profits obtained by the state from the enterprises. For the same reason, the total wage bill issued by the state lacks a reliable material guarantee and fails to bring back corresponding results and income. At the same time, the state has no reliable financial and material resources to increase the wages of staff and workers. This in turn causes wages to remain unchanged for a long period. Hence, the formation of a vicious circle.

To overcome the defects of "fixed" and "separated" in current wage systems, we must adopt floating wages. Floating wages can use "floating" to overcome "fixed" and use two "links" to correct the two "separated" defects. The floating wage system can also cause three changes through the floating of wages: 1) If the total wage bill and the enterprises' economic results are linked together and float in tandem, the enterprises' economic results would increase; 2) if wages and individuals' labor results are linked together and float in tandem, individuals' labor results would increase; and 3) if these two changes take place, the state revenue from tax payments and profit delivery would further increase.

Floating wages are an inevitable outcome of implementing the economy responsibility system in enterprises. State-run enterprises have solved the problems of unified income and expenditures after carrying out the reforms of "substituting tax payment for profit delivery and assuming sole responsibility for one's own profits and losses." But if their wage systems are still based on such practices as "ensured yields despite drought and excessive rain" and "eating out of the same big pot," it would be difficult for them to assume economic responsibility to the state and consolidate their economic responsibility system. Adopting floating wages can help integrate the enterprises' responsibility, power and benefits more closely. On the one hand, the state can ask enterprises to assume corresponding economic responsibility and pay corresponding taxes and profits in accordance with wage funds allocated to them by the state. On the other hand, enterprises can provide corresponding wages to laborers in accordance with their labor responsibility and labor results and thereby closely integrate the laborers' interest and responsibility. This can effectively solve the problem of making no distinction between those who have done much and those who have done little and between those who have performed well and those who have performed poorly, the problem of those who go to work but refuse to exert themselves and the problem of low labor efficiency. Therefore, it can further improve and consolidate the enterprises' economic responsibility system.

## II.

Some comrades disagree that the total wage bill and the enterprises' economic results should be linked together and float in tandem. They think only when the state determines the total wage bill of enterprises, wage scales and wage standards in a unified manner and makes unified arrangements for promotion can the principle that an "equal amount of labor receives an equal number of products" be strictly implemented throughout society; otherwise, it would be violated. I think the actual situation is not so. On the contrary, I think that only when wages are linked to and float along with the enterprises' economic results can they better implement and realize the principle that an "equal amount of labor receives an equal number of products." My reasons are as follows:

First of all, the current stage of socialism is not yet like what Marx envisaged: The whole society is an economic subject in which production units do not have relatively independent economic interests. Therefore, production and distribution can be organized by society in a unified manner. The amount of labor provided by every laborer can also be directly measured by the unified standard of the whole society. In the current stage, every enterprise is still a relatively independent production and management unit which has a certain amount of decision-making power. Under the guidance of the state plan, enterprises carry out business operations and economic accounting independently. They also have their own independent material interests. Individual laborers should first provide a certain amount of labor to enterprises and then their labor will form the total labor of enterprises to provide a certain number of products to society. Therefore, society must first use enterprises as a unit to measure the total amount

of labor provided by the integrated body of enterprises and consider it as an important basis for distribution according to work. In the current stage, enterprises are a basic unit for the organization of production by society as well as an indispensable and extremely important link for measuring the amount of labor provided by laborers. Without this link of enterprises, it would be impossible to measure accurately the amount of labor provided by laborers.

Second, the phrase "equal amount of labor" in the principle that an "equal amount of labor receives an equal number of products" indicates first of all the total amount of labor provided by enterprises to society. The total amount of labor provided by enterprises is not the simple addition of the amount of labor provided by individual laborers. It is formed by the labor provided by individual laborers through organic coordination on the basis of supporting and cooperating with each other in the division of work. If laborers cooperate well with each other, they would be able to bring into play the function of coordination and increase labor efficiency and economic results; otherwise, they would offset each other's labor, reduce labor efficiency and waste a portion of their labor for nothing. Therefore, if wages are only linked to the results of individuals' labor and if they are only based on the simple calculation of the labor provided by individual laborers, they are bound to be different from the total amount of labor actually provided by the enterprises to society. If so, wages would be divorced further from the principle that an "equal amount of labor receives an equal number of products."

Third, the principle that an "equal amount of labor receives an equal number of products" in essence means that laborers provide a certain number of products to society and receive an equal number of consumer goods suited to their own needs after the deduction of society. In other words, this means that receiving the equal number of products is based on the premise of providing the equal quantity of labor products. However, laborers cannot directly provide products to society, because the relationship described in the principle that an "equal amount of labor receives an equal number of products" cannot be directly established between society and laborers. This relationship can be established only through the middle link of enterprises. In the process of establishing such a relationship between laborers and society through the link of enterprises, the following phenomenon often occurs: A certain laborer provides a certain amount of labor and results in the first step of the work process, but his labor and results are offset, wasted and made into waste products in the second step of the work process. When this happens, the labor provided by the first step of the work process also becomes invalid labor. In this situation, this enterprise has not actually provided products to society. According to the demand of the principle that an "equal amount of labor receives an equal number of products," this laborer has no right to receive any products from society. Because "distribution itself is an outcome of production...only the achievements of production can be distributed" ("Selected Works of Marx and Engels" Vol 2, p 98). Obviously, if wages are linked only to individuals' labor results and not

linked to and floating along with the enterprises' production achievements and economic results, they cannot very well reflect the principle that an "equal amount of labor receives an equal number of products."

Of course, we should also notice that in the current stage the implementation and realization of the principle "equal amount of labor receives an equal number of products" throughout society can only be approximate and relative due to the influence of various factors and the restriction of conditions. If we say that establishing a link between wages and the enterprises' economic results and making them float in tandem would impair to a certain extent the implementation of the principle that an "equal amount of labor receives an equal number of products" throughout society, then failing to do so would impair to a greater extent the accurate implementation of this principle. It would cause us to make greater mistakes and move farther away from the principle. This is the inevitable conclusion of the above analysis.

### III.

If the enterprises' economic results are a crystallization of laborers' labor and a result created by non-labor factors, do we violate the principle of "to each according to his work" by linking wages to the enterprises' economic results and making them float in tandem? This is also a controversial issue. Following are some analyses I made concerning several factors that have an impact on the economic results of enterprises.

1. The influence of good or poor management and administration. Whether or not enterprise management and administration are good has a fairly vital bearing on the economic results of enterprises. Generally speaking, if the enterprises' managerial personnel are professionally competent and do a good job in management and administration, economic results will be good; otherwise, economic results will be poor. Some comrades contend that under this circumstance, if workers' wages also float, their income would be created by non-labor factors -- in violation of the demand of distribution according to work. I think this view is not quite appropriate. Because managerial and administrative activities are also a kind of labor, they are managerial labor. Managerial labor and direct productive labor are two kinds of labor that are both indispensable in the production process. Without the organization and command of managerial labor, it would be impossible to use direct productive labor; only through direct productive labor can managerial labor exercise its functions. If advanced enterprise management results in an increase in economic results which in turn causes workers' wages to float and increase, we should credit this to successful enterprise management and proper organization which enable workers to provide more effective labor. We should consider it a result of an increase in the workers' labor efficiency, not income created by non-labor factors. Backward enterprise management and poor economic results are usually caused by enterprise leaders who are irresponsible in work or whose managerial levels are low. However, this often causes workers to relax labor discipline, reduce labor consumption and increase invalid labor. Therefore, when workers' wages float and decrease

because the enterprises' economic results are poor, it is still related to the quality of labor provided by all staff members and workers of enterprises. Because of this, we cannot consider enterprise management and administration as non-labor factors. Of course, leading personnel play a greater role in improving enterprises' management and administration work. Therefore, when carrying out the floating wage system, we should at the same time strengthen the enterprises' democratic management systems, establish the cadres' individual responsibility systems and perfect the award and penalty systems as complementary measures.

2. The influence of good or bad production conditions. Different production conditions can cause differences in the economic results of enterprises. If so, there would be the influence of non-labor factors in the economic results of enterprises. Then wages can be linked to and float along with economic results? First, objective production conditions are provided by the state; therefore, the differential income created by the superiority of production conditions should go to the state. When analyzing this issue, some comrades' arguments are questionable. I do not think that differential income belongs to the state, because the state provides production conditions which in turn create differential income. My argument is that the means of production cannot create use value or value on their own. Marx believed that superior production conditions can create extremely strong productive forces. That is because labor multiplies itself through extremely strong productive forces. The view which holds that differential income belongs to the state because the state provides superior production conditions does not conform to the Marxist theory of labor value. It also leaves a theoretical loophole in distribution according to the means of production. The state obtains income from the enterprises, including the enterprises' differential income, because the state is the owner of the enterprises and their income. That differential income belongs to the state is an issue concerning the concrete income distribution between the state and enterprises. It is an issue concerning the obligation of laborers to make more contributions to society. The reason the state has to collect differential income from enterprises by means of taxation is to eliminate the disparity between successes and failures and the inequality caused by differences in the production conditions of all enterprises. This makes it possible to measure the management results of all enterprises by a unified standard (namely, the standard of success and failure in labor and management). It places all enterprises in an equal position with regard to the occupation of the means of production, making it easier for them to compare and compete with each other. This is an important reason why the influence of objective production conditions must be eliminated when establishing a link between wages and the economic results of enterprises. Second, we must notice that differences in the enterprises' economic results should be mainly attributed to the differences in labor and management and administration. Even in the differential income created by the superiority of production conditions there is still a labor factor because advanced technical equipment needs skilled laborers to operate, repair and maintain and because complicated and skillful labor deserves greater labor rewards. As for the differential income created simply by the

superiority of production conditions, it should not all go the state either, since these superior means of production are actually occupied, managed and utilized by enterprises. If the owner of superior production conditions -- the state -- should receive a differential income, the occupant, manager and user of these superior production conditions should also receive a certain amount of differential income. (Of course, the state should receive the largest part.) Only by doing so can we spur and encourage enterprises to take good care of and effectively utilize superior production conditions and improve and transform machinery and equipment in a timely manner. Here, we must also clarify one question, that is, that distribution according to work is a principle for determining wages -- a major principle, not the only principle. Because wages should also be considered an important economic lever (this is a point to which we have not paid enough attention in the past). In determining wages, we should also consider the principle of material incentives to bring into play their role as an economic lever.

3. The influence of price levels. The economic results of enterprises, such as profits, are also affected by such factors as price levels and whether or not value can be materialized. Some comrades contend that price levels and whether value can be materialized are issues concerning the law of value; therefore, wages should not be linked to and float with profits, otherwise it would violate the demand of distribution according to work. I think this view is not comprehensive enough. 1) The profit levels of enterprises are indeed related to price levels. However, the influence of prices can be eliminated through the readjustment of prices, the collection of regulatory taxes or the adoption of such methods as prices for the inner-unit settlement of accounts. After the influence of prices is eliminated, profit levels should be mainly attributed to the differences in labor and management and administration. Of course, in order to utilize the function of prices as an economic lever, sometimes we may consider not eliminating the influence of prices or eliminating less so as to let enterprises have more material benefits to encourage their enthusiasm for production. 2) Whether or not the enterprises' profits and value can be realized is related to whether or not their products are readily marketable. To ensure the marketability of products, it is necessary to use a certain amount of labor to conduct market investigations and forecasts, do a good job in the service of consumers and so forth. This is an issue concerning the functioning of the law of value as well as an issue concerning the success or failure of labor. Linking wages to profits and making them float in tandem can encourage enterprises to use more labor and do a good job in management and administration. This conforms to the demand of distribution according to work. 3) Under the condition of the existence of commodity production, exercising the function of the law governing distribution according to work is conditioned and affected by the law of value. First of all, only through the influence of the enterprises' material interests and staff and workers' wage income can the state use the law of value to exercise its function in promoting and regulating production. Second, the type of distribution according to work used in the current stage is money wages. Therefore, the price levels of individual consumer goods would

affect the degree of realization of distribution according to work. The major basis for distribution according to work -- the amount of labor used by laborers and their labor results -- are also measured in the form of value. Since wages are a component of the cost of products, the increase or reduction of money wages would affect the cost of production and profits. Therefore, linking wages to profits and making them float in tandem would spur enterprises and their staff and workers to handle correctly relations among wages, production costs and profits and strive to ensure that wages are increased, production costs remain the same and profits grow still larger.

#### IV.

If we link wages to the enterprises' economic results and make them float in tandem, would we impair the nature of the ownership by the whole people at state-run enterprises? This is another theoretical issue that must be solved when adopting floating wages.

Some comrades contend that linking wages to the enterprises' economic results and making them float in tandem would inevitably cause state-run enterprises to lose the nature of the ownership by the whole people. Their reasoning: The ownership of the means of production by the whole people cannot be separated from unified social distribution of the means of individuals' consumption. I cannot agree with this.

1. Adopting floating wages does not totally negate the unified social distribution scale in state-run enterprises. To measure the economic results of enterprises, the state should have unified scales and indexes. It should formulate unified principles, policies and laws and decrees concerning wages; work out generally unified wage scales, wage standards and the multiple between the highest and lowest wages; draw up national wage plans; control the total payment of basic wages and the general level of wages; and set forth the target of wage increases for the whole society. At the same time, it should readjust on a regular basis the proportion of wages in the profits of all enterprises of their proportion of floating wages in accordance with the speed of growth in national income and the rate of increase in labor productivity.

2. An important characteristic of the ownership by the whole people is that all state-run enterprises are equal in regard to the relation of the occupation of the means of production. When adopting floating wages, we need to eliminate differences in the reward of enterprises caused by occupying different means of production. The exact purpose in doing so is to ensure the equality of all enterprises in relation to the occupation of the means of production. This would uphold the nature of the ownership by the whole people in state-run enterprises.

3. When adopting floating wages, we should recognize the differences in the utilization of the means of production by enterprises and the differences they cause in rewards. If differential income is created by enterprises effectively utilizing a superior means of production, it should be reflected

in rewards. In other words, a portion of such income (a small portion) should go to enterprises and their staff and workers. This does not negate the equality of all enterprises in regard in relation to the occupation of the means of production.

The inequality of enterprises in relation to the occupation of the means of production means that the differential income created by simply occupying superior natural resources and advanced technical equipment is owned by enterprises. The disparities in the utilization of the means of production means: 1) When enterprises use and manage advanced machinery and equipment, they need to maintain and repair them carefully and thus need to use more labor. At the same time, when enterprises ask operators to have higher cultural and professional levels and skilled and complex labor techniques, they can create more value. Therefore, they deserve higher wages. 2) Different enterprises occupying the same kind of advanced machinery and equipment could have different labor productivity and economic results depending on whether the machinery and equipment are properly used and whether the management methods are advanced. Greater economic results caused by this have no direct relation to the occupation of production conditions. 3) Some enterprises can achieve greater economic results because in the process of utilizing machinery and equipment, they use their own labor to conduct the potential tapping, innovation and transformation of machinery and equipment. By doing so, they either increase the efficiency of their original equipment or transform their original equipment into new equipment with higher efficiency. Greater economic results caused by this should not be, of course, attributed to inequality of the occupation. 4) Some enterprises use the production development funds in their after-tax profits (the influence of inequality in the occupation of the means of production has been eliminated in after-tax profits) to invest in the expansion of reproduction and the purchase of advanced machinery and equipment and thereby to create more value and economic results. This is also different from the differential income created by the inequality in the occupation of the means of production.

When adopting floating wages, we must draw a strict demarcation line between the differences in economic results caused by the inequality in the occupation of the means of production and those caused by differences in the utilization of the means of production. We should eliminate the former through the collection of regulatory taxes so as to prevent them from being included in the scope of floating wages. We should affirm and encourage the latter and include them in the scope of floating wages to let enterprises and staff and workers obtain a certain amount of material benefits from them. This practice is of great significance in bringing into full play the function of wages as an economic lever and spurring enterprises and staff workers to do a good job in management and increase economic results.

The above analysis shows that adopting floating wages in state-run enterprises would not cause state-run enterprises to lose the nature of the ownership by the whole people. Conversely, it would enable state-run enterprises to give better play to their enthusiasm for management and administration, deliver more taxes and profits to the state, make greater contributions and thereby further consolidate and develop ownership by the whole people under the unified leadership of the state.

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